BAY COUNTY RETIREMENT BOARD OF TRUSTEES AGENDA
TUESDAY, NOVEMBER 8, 2011 @ 1:30 P.M.
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE				
	I.	CALL TO ORDER		
	II.	ROLL CALL		
	III.	MINUTES		
1 - 6		A.	OCTOBER 11, 2011 REGULAR MEETING	
7 - 12		B.	OCTOBER 11, 2011 ACTUARY MEETING	
	IV.	PUBLIC INPUT		
	V.	PETITIONS & COMMUNICATIONS		
		A.	**WENTWORTH HAUSER VIOLICH - - LARGE CAP CORE**	
			1.	**JEFF COBURN AND REINER TRILTSCH**
		B.	**BECKER BURKE & ASSOCIATES**	
			1.	**THIRD QUARTER REPORT**
13 - 16		C.	PORTFOLIO VALUE 1/1/10 THROUGH 11/ 2 /11	
		D.	MONEY MANAGERS ON WATCH - EFFECTIVE DATE	
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20 - 21			2.	MARVIN & PALMER - 6/1/2010 PORTFOLIO ENDING ENDING 9/30/11
			3.	WENTWORTH HAUSER & VIOLICH - 9/14/10
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31				B. INVESTMENT RETURN ENDING 10/31//11
		E.	MONEY MANAGER REPORTS	
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			2.	CORNERSTONE - ENDING 9/30/11
			2.	EAGLE ASSET MGMT - ENDING 9/30/11
			3.	HOTCHKIS & WILEY - ENDING 9/30/11
			4.	INTEGRITY ASSET - ENDING 9/30/11
			5.	LOOMIS & SAYLES - ENDING 9/30/11
			6.	MACKAYSHIELDS - ENDING 9/30/11
			7.	SCHRODERS - ENDING 9/30/11
		F.	CORRESPONDENCE FROM LOOMIS SAYLES	
63 - 64			1.	REQUEST TO CHANGE PORTFOLIO BENCHMARK
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65 - 66			1.	PLAN SUMMARY ENDING 9/30/11

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H. NORTHERN TRUST

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J. CORRESPONDENCE FROM INTEGRITY ASSET

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76 - 78 .... 1. ROAD COMMISSION RESOLUTION AUTHORIZING NOTIFICATION OF RETIREMENT OF DWS EMPLOYEES

M. CORRESPONDENCE FROM ROAD COMMISSION

79 - 80 .... 1. ROAD COMMISSION RESOLUTION AUTHORIZING NOTIFICATION OF RETIREMENT OF ROAD COMMISSION EMPLOYEES

N. REQUEST TO PURCHASE PREVIOUS SERVICE CREDIT

81 - 82 .... 1. ROBERT C. LEE, SHERIFF'S DEPARTMENT

O. REQUEST TO PURCHASE MILITARY SERVICE CREDIT

83 .... 1. THOMAS DEWEY, BAY ARENAC BEHAVIORAL HEALTH

P. CLOSED SESSION

1. REQUEST FROM CORPORATION COUNSEL FOR REVIEW AND APPROVAL OF MINUTES FROM CLOSED SESSION OF OCTOBER 11, 2011 PURSUANT TO MCL 15.268. CLOSED SESSIONS; PURPOSES

   CLOSED SESSION FOR THE PURPOSE AUTHORIZED IN MCL 268(H) "... TO CONSIDER MATERIAL EXEMPT FROM DISCUSSION OR DISCLOSURE BY STATE OR FEDERAL STATUTE..." HERE, THE FREEDOM OF INFORMATION ACT , MCL 15.243(G), WHICH EXEMPTS FROM DISCLOSURE "... INFORMATION OR RECORDS SUBJECT TO THE ATTORNEY-CLIENT PRIVILEGE."

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VI. ANNOUNCEMENTS

A. NEXT REGULAR MEETING - TUESDAY, DECEMBER 13, 2012 @ 1:30 P.M. - **COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4TH FLOOR, BAY CITY, MI 48708**

VII. UNFINISHED BUSINESS

A. MONEY MANAGER REPORTING SCHEDULE
   1. SUGGESTION WAS MADE TO SCHEDULE FOUR MANAGERS IN ONE DAY

VIII. NEW BUSINESS

IX. MISCELLANEOUS BUSINESS

X. ADJOURNMENT

The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 1:31 P.M. Roll call was taken. All trustees are present, except Ms. Carpenter.

1. Moved, supported and carried to approve the minutes as presented from the regular meeting on September 13, 2011.

Mr. Gray called for public input. Corporation Counsel, Marty Fitzhugh commented that there is an item on the agenda regarding non-duty disability retirement for Kerry Walczak. Ms. Fitzhugh inquired if Ms. Walczak would be permitted to speak at that time. Chairman Gray states, yes, she will be allowed to have public input at that time. Chairman Gray moved on to petitions and communications:

Present today from Columbia Management are Alan Puklin and Rich Rosen. They manage a large cap deep value portfolio. They provided a copy their report to all Trustees.

Mr. Puklin started with an overview of what they do and how they manage money. As a large cap deep value manager they look for stocks that are undervalued the way they determine what value is. They look for companies that are selling at a discount and that have the ability to grow their earnings faster than the market is growing their earnings. They believe that is how you make money, by holding stocks long term.

This has been a tough year, for the equity markets in particular. The economy continues to flow, unemployment remains high, however, U.S. Corporations are in better shape that they have ever been. Their balance sheets are extremely strong with a lot of cash on the balance sheets. However, they have not been hiring, so unemployment remains relatively high. Companies are hesitant to add workers or make investments until they see actual signs of recovery.

The situation in Europe, particularly in Greece, the banking system in France has really had a domino effect in the U.S. People don't want to put money in the stock market. In reality a lot of the names in their portfolio that have come down very hard are still very solid companies.

On Page 16, they discuss their performance as of September 30, 2011. They state their third quarter was a tough one for them. They underperformed the benchmark which is the Russell 1000 Value Index. For the third quarter, they were (16.9) compared to the benchmark of (16.0). Year to Date they are (10.0) compared to the benchmark of (10.6). They outperformed the benchmark at the one year, three year, and five year mark. On a Year to Date basis through last night, the portfolio is now down 3.8% versus the (10%) it was at the end of September and the benchmark is down 6.4%. They have made up for the month of October with the portfolio up just about 7% versus 5.44% for the benchmark. They have not made a lot of changes to the portfolio they really believe in their companies. They are long time investors and are not moved by short term movements in the market.

Mr. Rosen took over at this point. They believe that over time stocks will out perform bonds, and bonds will out perform cash. It has been a tough period of time, but reflecting back, they feel there is a lot of value there. He stated that so far this year our portfolio is down about 3%. When they invest in stocks, they want to buy companies that have earnings, because if they have earnings, they have cash to pay dividends and cash to buy back stock and make acquisitions to reinvest in their businesses. If they can grow their earnings then they have more money to raise the dividends and to increase their growth rate and return cash to share holders over time. So even though the stock market is down, it is growing earnings of about 11%. People are running out of stocks, but the fundamentals are okay.

He also discussed the different sector weights and the top ten holdings in our portfolio. Question was asked about turnover. The average turnover in the portfolio is about 20% per year, which is roughly five years that they will own it. This year in a portfolio of thirty five stocks they sold two and bought two. He indicated that some U.S. companies are bringing business back into the U.S. as the wage gap between the U.S. and foreign countries has shrunk, as well as shipping logistics back and forth. It may be another ten years before we see a real change, but it is starting. They also expect a reform in the tax code in the next twelve to twenty four months which will provide greater certainty and greater incentives. When that happens, we should see more investment from American corporations.

They conclude their presentation and leave.

2. Moved, supported and carried to receive the report from Columbia Management.

The next item on the Agenda is the appeal of Kerry Walczak regarding the denial of her retirement disability. Ms. Fitzhugh offers the option to Ms. Walczak to speak in the open session or in the closed session. Ms. Walczak chooses to speak in open session. A copy of a letter from Ms. Walczak, along with the Retirement Ordinance is passed out to all Trustees.

Ms. Walczak addresses the Board of Trustees. She advises the Board that her doctor has referred her to U of M for treatment, and she has an appointment scheduled in February. She currently does not have a driver's license and is not sure if she will ever get one. She has been in treatment for over a year and is on medication. She concludes her remarks.

Ms. Fitzhugh comments that it is her understanding that after the Board meets in closed session today, a letter will be sent to Ms. Walczak, advising her of the Board's decision, therefore, there is no need for Ms. Walczak to wait. Ms. Walczak departs and at this point, Ms. Fitzhugh explains the procedures to go into closed session. A roll call vote is needed to state the purpose for the record. In this instance the Board is going into a closed session because the material to be discussed is exempt from release under MCL 15.243(1)(h). It is information, or records, subject to physician/patient privilege. In addition, there is the Federal Statute 45 CFR, Section 164.512 which concerns the privacy of individually identifiable health information. When we talk about the health condition of Kerry Walczak it won't be available to the public via television recordings or public minutes.

3. Moved, supported and carried for the Board of Trustees to go into a closed session. Roll call vote is taken.

Mr. Brzezinski - yes
Ms. Carpenter - excused
Mr. Coonan - yes
Mr. Deaton - yes
Mr. Gray - yes
Ms. Peltier - yes
Mr. Pett - yes
Mr. Ryder - yes
Mr. Starkweather - yes

Mr. Gray asks Corporation Counsel, Ms. Fitzhugh, to review this process for the benefit of new board members. At this point, the door to the Chambers is locked and at 2:10 p.m. they go into closed session.

At 3:24 p.m. they are back on the record.

4. Moved, supported and carried for the Board of Trustees to go back to open session.

5. Moved, supported and carried to deny the appeal filed by Ms. Walczak. The Chairman requests a roll call.

Mr. Brzezinski - yes
Ms. Carpenter - excused
Mr. Coonan - no
Mr. Deaton - yes
Mr. Gray - no
Ms. Peltier - no
Mr. Pett - yes
Mr. Ryder - yes
Mr. Starkweather - yes

6. Moved, supported and carried to receive the Portfolio Value report 1/1/10 through 10/5/11. Value today is $217 million.

7. Moved, supported and carried to receive the reports from the money managers on watch: Denver Investments, Marvin & Palmer, ending 8/31/11, and Wentworth Hauser & Violich, ending 9/30/2011.

8. Moved, supported and carried to receive the remaining money manager reports ending 8/31/11 from Cornerstone, Eagle Asset, Hotchkis & Wiley, Loomis & Sayles, and MacKay Shields.

9. Moved, supported and carried to receive the Plan Summary from BNY ConvergeEx Group ending 8/31/11.

10. Moved, supported and carried to receive the Northern Trust Summary Earnings report ending 8/31/11.

11. Moved, supported and carried to receive the Refunds and Retirements report for 9/30/11.

12. Moved, supported and carried to approve, with the change, the Election Calendar for November and December 2011.

Discussion: It was noted that on the December calendar the Road Commission was listed in error. It should be the General Group, and the change was noted.

13. Moved, supported and carried to approve the Request to Purchase other government service time from Victoria Roupe.

Announcements:

The next regular meeting is scheduled for Tuesday, November 8, 2011 at 1:30 P.M., Board of Commissioners Chambers, 4th Floor.

Unfinished Business: None

New Business:

Ms. Wright is requesting approval to travel to Chicago for a one day training session on October 25th, 2011, at the custodian bank, Northern Trust. There is no cost for the training, the only expenses would be for travel and lodging, approximately $500.00.

14. Moved, supported and carried to approve travel expenses for Ms. Wright.

Ms. Fitzhugh requested copies of letters from Ms. Walczak.

Miscellaneous Business:

Trustee Deaton shared with the Board an article he read on the Northern Trust website regarding Milton Friedman. The article was about how the economic recovery could take place.

Adjournment:

15. Moved, supported and carried to adjourn the meeting.

Meeting adjourned at 3:30 p.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
OCTOBER 11, 2011

IN THE BOARD OF COMMISSIONER'S CHAMBERS, LOCATED AT 515 CENTER AVENUE, 4TH FLOOR, BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 1:32 P.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT, CRYSTAL HEBERT, MARTY FITZHUGH, RICHARD ROSEN, ALAN PUKLIN, KERRY WALCZAK.

TRUSTEE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
BRZEZINSKI	S	Y	Y	Y	Y	Y	Y	Y	Y	Y
CARPENTER	E	E	E	E	E	E	E	E	E	E
COONAN	M	Y	M - Y	S	N	M	M	Y	S	Y
DEATON	Y	S	Y	Y	Y	Y	S	M	Y	Y
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
PELTIER	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
PETT	Y	M	Y	Y	Y	S	Y	S	Y	M
RYDER	Y	Y	S- Y	M	M - Y	Y	Y	Y	M	S
STARKWEATHER	Y	Y	Y	Y	S - Y	Y	Y	Y	Y	Y

TRUSTEE	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
BRZEZINSKI	Y	Y	Y	Y	M					
CARPENTER	E	E	E	E	E					
COONAN	S	Y	Y	Y	Y					
DEATON	Y	S	S	S	Y					
GRAY	Y	Y	Y	Y	Y					
PELTIER	Y	Y	Y	Y	Y					
PETT	Y	M	Y	Y	Y					
RYDER	M	Y	M	M	S					
STARKWEATHER	Y	Y	Y	Y	Y					

CODE: M - MOVED; S - SUPPORTED; Y-YEA; N-NAY; A-ABSENT; E-EXCUSED

The meeting, held in the Bay County Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan, was called to order by Chairman, Steve Gray at 10:03 A.M. Roll call was taken. All trustees are present, except Ms. Carpenter and Mr. Coonan.

Chairman Gray called for public input. Seeing as there is none, he moved on to petitions and communications:

Present today from Gabriel Roeder Smith & Company are Cathy Nagy and Rebecca Stouffer to present the Actuarial Valuation ending December 31, 2010. A copy was provided to all Trustees.

In addition to the full report, they have prepared a short presentation which summarizes the results, and that is what they will go through today. They touched on five specific areas. 1) Components of the Actuarial Valuation 2) Highlights of 2010 Valuation 3) Asset Performance 4) Historical Contributions and Funded Ratios 5) Looking Ahead.

Ms. Stouffer explains how they collect information on current active members such as their pay, date of birth, and how long they have been working for the County. For Retired members they collect information regarding the form of payment they have chosen, the amount of their annual benefit and how long have they been retired. There is also a subset of numbers regarding deferred members, where they have enough time to receive a benefit but are not yet eligible to draw the benefit.

Ms. Stouffer: We want to know what assets are available on December 31, 2010 to finance the expenses. What contributions have come in during the year, what benefits have gone out, and what is the investment performance. They also collect information on Plan provisions in order to model the benefits that we expect to be paid from the Plan. They need to know what these benefits are going to be, what types of multipliers, and at what age are they eligible to retire. If you don't make it to retirement but are disabled on the job, at what point are you entitled to draw a benefit from the Plan. We take those three components from the County and couple that with our actuarial assumptions.

These assumptions are about how long we expect people to live. Given that someone *qualifies* for retirement what is our expectation that a person *will* retire. What do we expect for pay increases. We look at those assumptions every five or six years, and do an experience study. We look at the actual experience of the Plan to see what really happened in your Plan and we have actuarial assumptions that are approved by the Board. All of these go into our valuation model. Our model will project out all the benefits that they anticipate to be paid from the Plan. They go back to the valuation date because that is the measurement point. They calculate a Present Value of benefits. That is the total cost of the benefits that they anticipate to be paid from the Plan.

Ms. Stouffer explained Present Value of Future Benefits, Actuarial Liability, Normal Cost and Future Normal Costs. Page 6 shows Employer Normal Cost, Amortization of the Unfunded Accrued Liability and Computed Employer Rate for the General Group, the five Outside Groups, and the Sheriff's Department. They look at accrued value of assets and compare it to liabilities. If there are more assets than we need to cover the liability then we have an over funding - a credit. Much like a mortgage, they amortize that credit over a period of years. On the other side, if there are not enough assets to cover all of the benefits, then we have a small short fall. They will use a 30 year amortization period, and there will be an additional add on to the requirement of the normal cost, and will increase the contribution required.

In the 2010 valuation we have not had an experience that would make any changes to the valuation assumptions. The second major reason there would be a change in valuation results from one year to the next would be due to benefit changes. For most groups there was not a benefit change for the current valuation, however, the Road Commission did have some changes and those changes were explained on Page 8.

Page 9, she discussed the Gain and Loss of the Plan. The overall loss indicates that their assumptions were not met, and this happens all the time. She discussed the smoothing method and how it is spread out over five years. To the extent that we still have an investment loss, we will see increases in the employer contribution rate.

Question was asked about the impact of new contracts with different multipliers for new hires, as opposed to existing multiplier for current employees and how this would be calculated into the next valuation. Ms. Nagy responds that changes regarding new hires will not impact the liability of the existing employees. The majority of the people would still have the benefits that are there now. We would see savings over time as we hire more and more people into that lower benefit structure. The contribution would trend down and eventually work its way towards what would be the cost of the lower benefits tier. Making changes to new hires does not decrease the cost of the Plan now.

Ms. Nagy discussed Asset Performance on Pages 13 and 14, and use of the smoothing technique. Some discussion regarding the return assumption of 7.5% and the impact of the market. Ms. Nagy states that Bay County has a well funded Plan and it is probably the best funded Plan that she works on. Page 15 through 21 shows historical information for the different groups from 2004 through 2010. She compares Normal Cost to actual Annual Employer Contributions and the Funded Ratio. They use techniques to smooth things via the funding method, the asset smoothing, and how they pay the unfunded liability. They try to do things so the employer contribution does not bounce around. It is hard to keep it level and smooth in volatile markets and could become difficult for employers to budget. Some of the groups are small with few employees and will tend to have much more volatile contributions compared to a large group like the

General County. In a small group, one person retiring throws things off. The position may not be filled, which results in a smaller payroll. In smaller groups the contributions as a percent of payroll are much more volatile.

On Page 22, Ms. Nagy discusses the status of the overall Plan. This is a well funded system. One way to measure how well funded the Plan is, is to take the Assets and compare them to the Benefit payments. This Plan has 21 times the current benefit payments. So, if we did nothing and the Plan did not gain or lose, we could pay benefits for 21 years. Obviously, that is not the intent, but just an indication of financial security for the retirees. She addressed the issue of having more retirees than active employees and states this is not a problem if we pre-fund. The purpose of pre-funding these programs from the time it is started, is because eventually you will have retirees. Sometimes just as many retirees as active, and sometimes more retirees than active, but if you pre-fund all along, then we are accumulating the assets to pay those benefits. Half of the Plan's liabilities ($113 million out of $230 million) is retiree liability. That is fine, no cause for alarm or concern.

In the long run, employer contributions are expected to level off at the employer normal cost, absent any unfavorable market performance or demographic experience. In the short term, employer contributions are expected to increase as a result of unfavorable investment performance from 2008. If the markets do not rebound, employer contributions are expected to continue to rise.

Even though contributions are headed up, it is well funded. Ms. Nagy states again that ours is one of the best funded Plans she works on. There is nothing to be concerned about at this time. If the Employer continues to make the contributions, the Plan should be fine. Most of the benefits are paid by the investment returns, not by the contributions. The Employee/Employer contributions (money coming in) are about $4.7 million. The payments going out are about $10.7 million, which means a negative cash flow. But, again she does not see this as a problem, because the Plan is pre-funded.

Money has accumulated over the long term and it has earned a positive return. The investment income is helping to pay for these benefits. Mr. Potter, reinforces this point by stating that in their June 30, 2011 report, (which goes back to 1985 when they started doing this analysis), shows that since 1985, $91 million dollars has come out of the Fund, more than has gone into the Fund (contributions). Investment return in that period of time is $312 million dollars, which reinforces that our benefits are being paid basically by investment return as opposed to contributions. Ms. Nagy states that while the current markets are volatile, and individuals are leery about investing in the market, this Fund is a long term institutional investor, not an individual, so it can weather things like that. If you look at the life of the Plan, it has weathered different markets. The Plan is working the way it was intended to work, even in these bad times.

Some questions and discussion regarding safeguarding the Plan. Ms. Nagy talked about Actuarial Standards of Practice and the guidelines in place.

Ms. Wright, Plan Administrator, has a question for everyone about the lag year concept. "Are you in favor of it?" Last year when the Actuary came in for their presentation, everyone thought it was a good thing. Attendees nodded their heads expressing concurrence in favor of the lag year concept.

Chairman Gray refers back to Page 11 and refers to Department of Water and Sewer and the Road Commission both of whom are 87% funded. DWS has more active than retired, but the Road has more retired than active, how big a part does this play in being under funded? Ms. Nagy responds that it depends on how the individuals retired. Some may have taken early retirement at age 55, which makes the liabilities bigger than expected, so the year in which they retire, all of sudden the liabilities are bigger, so the funded ratio is smaller. The bigger impact is what the percentage of payroll will look like.

In terms of a decline in active employees, Ms. Nagy states that perhaps a better approach is to look at dollar contributions from one year to the next. The dollar contributions are likely more level than the percent because contributions as a percent of pay could get bigger as you dividing that dollar by a shrinking payroll. She has seen groups with a big increase in contributions as a percent of pay, but when you look at the dollar contribution from last year to this year, the dollar contribution went down. So, she suggests comparing the dollar contributions from one year to the next as opposed to looking at the percent of pay contributions.

They conclude their presentation.

Chairman Gray opens the floor to public comment from the audience.

Q: What can the County do to get this actuary report sooner?
Ms. Nagy responds that her firm would have to receive the information sooner during the calendar year. It takes about twelve weeks from the time they receive the data, do their calculations, and issue their report. They are scheduling other clients as well, so it just depends on how soon they get the data from us.

Q: Is it necessary for Gabriel Roeder to have the Audit?

Ms. Nagy: If you mean the Financial Audit, it is not necessary if the unaudited numbers are not too different from the final audited number. If they are very different, then the results would change too much, but if they are very close, then our calculations are really estimates of these contributions. If the Assets are off by a few thousand dollars that would not impact anything material. However, if they are off by millions, it will have a material impact.

Chairman Gray thanks the Finance staff, Department Heads, and Elected Officials for joining the meeting today, and closes public comment.

1. Moved, supported and carried to accept the Bay County Employees' Retirement System December 31, 2010 Actuarial Valuation as prepared by Gabriel Roeder Smith & Company, Consultants & Actuaries.

2. Moved, supported and carried to excuse Trustees Coonan and Carpenter.

Unfinished Business:
Ms. Wright refers to Page B-5 of the Actuarial Valuation Report December 31, 2010 and requests action be taken on transfer of funds.

3. Moved, supported and carried to transfer funds from the employer reserve to retiree reserve.

New Business: None

Miscellaneous Business: None

Adjournment:

4. Moved, supported and carried to adjourn the meeting.
Meeting adjourned at 11:23 a.m.

Respectfully submitted,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

Transcribed by: Naomi Wallace

MEETING OF THE **BCERS** BOARD OF TRUSTEES COMMITTEE
OCTOBER 11 , 2011

IN THE BOARD OF COMMISSIONER'S CHAMBERS, LOCATED AT 515 CENTER AVENUE, 4TH FLOOR, BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 10:03 A.M.

OTHER PRESENT: RICK POTTER, JEFF BLACK, DANEAN WRIGHT, CATHY NAGY, BECKY STOUFFER, TOM PAIGE, JIM MARTER, JACKIE MCCARTHY, BOB REDMOND, CARRIE BROZEWSKI, KEVIN AYALA, JAN MROZINSKI, MAUREEN SZCZEPANSKI, CRYSTAL HEBERT, DICK GROMASKI.

TRUSTEE	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
BRZEZINSKI	Y	Y	M	Y						
CARPENTER	E	E	E	E						
COONAN	E	E	E	E						
DEATON	M	S	Y	S						
GRAY	Y	Y	Y	Y						
PELTIER	Y	Y	S	Y						
PETT	Y	M	Y	Y						
RYDER	S	Y	Y	M						
STARKWEATHER	Y	Y	Y	Y						

TRUSTEE	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
BRZEZINSKI										
CARPENTER										
COONAN										
DEATON										
GRAY										
PELTIER										
PETT										
RYDER										
STARKWEATHER										

CODE: M - MOVED; S - SUPPORTED; Y-YEA; N-NAY; A-ABSENT; E-EXCUSED

◆Mgr Mix w/ Accruals

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
*BAYCO - COLUMBIA MANAGEMENT	-71,344.56	71,344.56	23,901,149.44	0.00	0.00	0.00	23,972,494.00
2608694	-0.30%	0.30%	99.70%	0.00%	0.00%	0.00%	10.55%
*BAYCO - BAIRD -SL	-466,237.24	466,237.24	0.00	21,062,503.55	0.00	232,296.82	21,761,037.61
2618668	-2.14%	2.14%	0.00%	96.79%	0.00%	1.07%	9.58%
*BAYCO - SCHRODERS -SL	-217.18	217.18	8,566,503.14	0.00	0.00	0.00	8,566,720.32
2618669	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.77%
*BAYCO - MARVIN & PALMER -SL	-640,185.36	640,185.36	23,195,286.50	0.00	0.00	182,477.77	24,017,949.63
2620811	-2.67%	2.67%	96.57%	0.00%	0.00%	0.76%	10.57%
*BAYCO - MACKAY SHIELDS -SL	-984,757.24	984,757.24	2,341,130.33	15,381,995.93	0.00	0.00	18,707,883.50
2622490	-5.26%	5.26%	12.51%	82.22%	0.00%	0.00%	8.23%
*BAYCO - HOTCHKIS & WILEY -SL	-115,667.58	115,667.58	8,955,048.60	0.00	0.00	7,601.17	9,078,317.35
2622536	-1.27%	1.27%	98.64%	0.00%	0.00%	0.08%	4.00%
*BAYCO - WENTWORTH -SL	-152,210.43	152,210.43	26,649,019.00	0.00	0.00	0.00	26,801,229.43
2624493	-0.57%	0.57%	99.43%	0.00%	0.00%	0.00%	11.80%
*BAYCO -CASH -SL	-1,662,486.23	1,662,486.23	0.00	0.00	0.00	0.00	1,662,486.23
2639953	-100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.73%
*BAYCO - DENVER INV ADV -SL	-1,167,407.37	1,167,407.37	17,372,305.50	0.00	0.00	-3,402.40	18,536,310.47
2639956	-6.30%	6.30%	93.72%	0.00%	0.00%	-0.02%	8.16%
*BAYCO - LOOMIS SAYLES -SL	-1,333,448.60	1,333,448.60	0.00	26,258,122.97	0.00	-343,915.15	27,247,656.42
2641401	-4.89%	4.89%	0.00%	96.37%	0.00%	-1.26%	11.99%
*BAYCO - INTEGRITY -SL	-596,115.77	596,115.77	16,634,627.98	0.00	0.00	46,605.51	17,277,349.26
2653308	-3.45%	3.45%	96.28%	0.00%	0.00%	0.27%	7.60%
*BAYCO - CORNERSTONE REALES-SL	-323,228.23	323,228.23	7,959,635.05	0.00	0.00	-142,397.59	8,140,465.69
2663296	-3.97%	3.97%	97.78%	0.00%	0.00%	-1.75%	3.58%
*BAYCO - EAGLE ASSET -SL	-144,680.21	144,680.21	8,435,741.51	0.00	0.00	-12,457.93	8,567,963.79
2695063	-1.69%	1.69%	98.46%	0.00%	0.00%	-0.15%	3.77%
BAYCO- BARINGS	146,373.11	0.00	12,631,841.25	0.00	44,834.76	49,141.78	12,872,190.90
BYC03	1.14%	0.00%	98.13%	0.00%	0.35%	0.38%	5.67%

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◆Mgr Mix w/ Accruals

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
Total for consolidation	**-7,511,612.89**	**7,657,986.00**	**156,642,288.30**	**62,702,622.45**	**44,834.76**	**15,949.98**	**227,210,054.60**
% for consolidation	**-3.31%**	**3.37%**	**68.94%**	**27.60%**	**0.02%**	**0.01%**	**100.00%**

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PORTFOLIO VALUE

2010	BAIRD	BARINGS	BATTERYMRCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
JAN	20,941,600.46	11,517,174.70	7,138,642.20	5,139,221.13	14,135,705.71	0.00	8,504,163.11	64,688.78	25,794,489.48	18,129,276.35	20,738,711.95	13,735,034.07	7,815,979.82	20,120,927.06	24,178,102.21	2,199,419.81	200,153,136.84
FEB	20,975,025.75	11,542,165.92	7,452,085.43	5,448,857.61	15,047,045.81	0.00	9,056,364.71	61,762.76	25,968,541.18	18,438,126.22	21,629,948.33	14,355,393.21	7,747,987.07	21,126,452.08	25,222,849.42	1,623,868.39	205,696,473.89
MARCH	20,960,877.88	12,179,926.86	8,002,863.13	5,991,787.18	16,022,931.87	0.00	10,087,525.97	60,014.63	25,100,468.49	18,874,992.76	22,405,811.99	15,550,810.14	8,238,893.80	22,228,829.14	26,222,547.54	3,288,065.43	215,216,346.81
APRIL	21,150,647.80	12,016,995.29	8,342,901.57	6,423,631.84	16,577,168.09	0.00	10,766,750.38	58,877.03	25,615,998.06	19,167,022.67	22,494,481.34	16,264,920.75	8,308,813.65	22,564,690.25	25,864,974.60	2,812,406.69	218,430,280.01
MAY	21,436,452.58	11,047,220.44	7,862,108.79	6,092,224.37	15,574,364.31	0.00	10,200,726.13	55,929.30	25,336,148.81	18,425,572.47	20,970,886.27	14,991,127.09	7,371,618.23	20,785,803.34	23,653,575.26	2,228,844.46	206,032,601.85
JUNE	21,698,100.75	11,107,433.48	7,384,246.85	5,763,080.50	14,600,551.63	0.00	9,279,300.63	58,715.00	25,853,276.90	17,996,639.28	19,856,137.62	13,893,860.87	7,413,132.67	19,394,682.88	22,149,359.42	1,485,274.76	197,933,793.44
JULY	20,799,211.32	11,957,064.09	7,831,183.36	6,846,816.13	15,671,404.63	0.00	10,392,787.38	0.00	25,527,395.21	18,431,586.29	20,332,324.01	14,906,494.26	8,028,920.52	20,759,474.90	23,972,615.43	2,785,298.91	208,242,576.44
AUG	21,077,527.97	11,752,483.23	7,153,533.75	6,748,275.07	15,056,740.48	0.00	9,478,820.70	0.00	25,860,984.86	18,237,834.97	19,707,511.65	14,095,542.78	7,817,798.24	19,716,256.51	22,683,540.20	2,433,150.55	201,820,000.96
SEPT	21,042,740.36	12,761,997.19	46.03	7,049,630.49	16,947,394.30	8,069,377.51	10,700,121.28	0.00	26,379,286.09	19,152,175.83	21,942,095.33	15,537,000.80	8,799,738.40	21,445,768.58	25,136,628.73	1,581,988.78	216,545,989.70
OCT	20,564,633.65	13,112,421.26	0.00	7,348,149.26	17,723,851.16	8,420,875.28	11,042,108.61	0.00	25,575,545.18	19,027,548.57	22,813,022.32	16,297,208.60	9,102,490.35	22,266,742.42	26,298,057.29	2,668,333.43	222,460,987.38
NOV	20,548,167.72	12,491,970.94	0.00	7,220,322.23	18,490,700.25	8,850,187.71	11,677,827.77	0.00	25,275,576.73	19,102,632.05	23,415,804.52	16,566,724.87	8,847,124.39	22,331,135.90	26,756,349.07	2,724,855.78	224,299,379.93
DEC	20,311,726.61	13,406,367.64	0.00	7,601,110.84	19,443,479.71	9,511,901.34	13,193,408.82	0.00	25,062,142.68	19,815,351.61	24,782,428.62	17,907,044.51	9,753,327.77	24,088,128.28	28,872,348.65	1,594,377.47	235,343,144.55

2011	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
JAN	20,282,960.21	13,469,271.01	0.00	7,855,559.51	19,762,481.35	9,645,338.48	12,667,242.55	0.00	25,230,006.97	20,108,917.03	24,994,751.61	18,109,791.23	9,929,904.74	24,607,913.78	28,277,844.81	2,673,640.73	237,615,624.01
FEB	20,333,087.68	13,922,984.92	0.00	8,264,845.83	20,614,690.78	10,044,714.40	13,401,835.32	0.00	25,465,286.67	20,565,524.39	25,880,455.91	18,791,456.29	10,024,545.75	26,272,034.16	29,133,677.99	1,842,702.27	244,557,842.36
MARCH	20,338,046.29	13,791,629.18	0.00	8,160,328.04	21,041,574.54	10,417,776.60	13,710,768.82	0.00	25,441,342.42	20,589,176.19	26,017,933.98	19,175,661.26	10,133,968.96	26,547,672.38	29,369,026.18	1,460,447.93	246,195,352.77
APRIL	20,531,160.45	14,759,861.53	0.00	8,672,226.56	21,861,559.61	10,821,594.23	13,742,747.04	0.00	25,888,405.68	20,889,745.65	26,527,300.60	19,653,573.42	10,682,992.63	26,977,768.13	29,783,582.01	750,286.51	251,542,804.05
MAY	20,801,325.34	14,371,003.44	0.00	8,781,889.42	21,622,019.01	10,909,579.86	12,989,460.66	0.00	26,326,540.44	20,709,828.84	25,685,035.85	19,556,119.61	10,540,028.79	26,121,450.00	29,107,106.99	2,172,230.00	249,693,618.25
JUNE	20,746,853.51	14,093,143.90	0.00	8,503,482.37	21,251,465.03	10,892,723.30	12,859,047.57	0.00	26,042,704.52	20,546,880.50	25,814,849.82	19,123,828.91	10,372,670.61	25,601,680.47	28,739,352.00	1,407,744.35	245,996,426.86
JULY	21,030,598.96	14,384,481.05	0.00	8,662,959.36	20,366,711.86	9,323,347.21	11,469,557.51	0.00	26,708,858.23	20,308,927.94	25,442,416.08	18,602,263.27	10,199,254.37	24,688,472.00	28,489,107.66	2,705,007.78	242,281,963.28
AUG	21,509,686.73	13,465,576.09	0.00	8,115,763.25	18,275,359.08	8,531,450.27	10,286,657.96	0.00	26,712,989.79	19,537,498.25	23,807,045.25	16,868,962.09	9,162,690.99	22,966,123.98	26,670,298.95	1,927,477.25	227,837,579.93
SEPT	21,741,103.61	11,982,478.89	0.00	7,201,533.12	16,125,643.44	7,584,663.03	8,793,553.07	0.00	26,566,206.54	18,911,469.23	21,278,377.67	15,247,790.74	8,309,250.23	21,275,774.49	23,492,818.77	1,092,326.87	209,602,989.70
OCT	21,643,579.55	13,139,773.53	0.00	8,245,388.04	18,797,578.54	8,681,458.89	9,163,191.41	0.00	27,104,990.39	18,827,420.73	24,257,439.07	17,410,938.54	8,798,592.88	24,178,426.92	27,126,697.42	2,444,668.93	229,820,144.84
NOV																	0.00
DEC																	0.00

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2011	BAIRD	BARINGS	BATTERYMARCH	CORNERSTONE	DENVER	EAGLE	HOTCHKIS & WILEY	INVESCO	LOOMIS SAYLES	MACKAY SHIELDS	MARVIN PALMER	INTEGRITY	SCHRODER	COLUMBIA	WENTWORTH	CASH	TOTAL
1ST QTR	15,253.54	32,156.73		12,237.40	34,166.36	18,500.98	33,149.97		20,903.41	25,797.00	48,786.07	38,797.59	21,292.42	33,141.66	37,871.00		372,054.13
2ND QTR	15,560.14	33,890.18		12,755.06	34,513.77	19,214.11	32,671.16		21,275.35	25,771.00	48,701.83	40,242.00	22,197.63	31,946.75	37,232.00		375,970.98
3RD QTR	16,305.99						25,457.84		21,602.98		39,398.52						
4TH QTR																	
2009 Y-T	47,119.67		0.00	24,992.46	68,680.13		91,278.97	0.00	63,781.74	51,568.00	136,886.42	79,039.59	43,490.05	65,088.41	75,103.00	0.00	748,025.11

BAIRD	GOVERNMENTAL FIXED INCOME MANAGER
BARING	LARGE CAP GROWTH INTERNATIONAL EQUITY MANAGER
COLUMBIA	LARGE CAP DEEP VALUE MANAGER
CORNERSTONE REAL ESTATE	REAL ESTATE INVESTMENT TRUST MANAGER
DENVER INVESTMENT	MID-CAP GROWTH MANAGER
EAGLE	SMALL-CAP GROWTH MANAGER
HOTCHKIS & WILEY	SMALL CAP VALUE MANAGER
INTEGRITY	MID-CAP VALUE MANAGER
LOOMIS SAYLES	CORPORATE BOND MANAGER
MACKAY SHIELDS	CONVERTIBLE BOND MANAGER
MARVIN PALMER	LARGE CAP GROWTH EQUITY MANAGER
SCHRODER	INTERNATIONAL SMALL/MID CAP EQUITY MANAGER
WENTWORTH	LARGE CAP CORE MANAGER

INVESTMENT MANAGER FEE SCHEDULES

BAIRD	.30% - FIRST $25 MILLION .25% - NEXT $25 MILLION .20% - NEXT 50 MILLION .15% - THEREAFTER
BARING	.95% -ON ASSETS UNDER MANAGEMENT
COLUMBIA	.40% - ABOVE $100 MILLION .40% - NEXT $60 MILLION
CORNERSTONE	.60% - OF THE FAIR MARKET VALUE OF ASSETS
DENVER	.65% - OF THE FAIR MARKET VALUE OF ASSETS
EAGLE	.85% - ON ASSETS UNDER MANAGEMENT
HOTCHKIS & WILEY	1.00% -ON ASSETS UNDER MANAGEMENT
INTEGRITY	.85% - FIRST $15 MILLION .75% - NEXT $25 MILLION
LOOMIS SAYLES	.35% - FIRST $20 MILLION .25% - NEXT $80 MILLION .20% - OVER $100 MILLION
MACKAY SHIELDS	.50% - UP TO $100 MILLION .40% - ABOVE $100 MILLION
MARVIN PALMER	.75% - ON ALL ASSETS UNDER MANAGEMENT
SCHRODER	.75% - UP TO $10 MILLION .50% - UP TO $100 MILLION
WENTWORTH	.80%-FIRST $2 MILLION .60%-NEXT $8 MILLION .50%-NEXT $10 MILLION .40%-NEXT $10 MILLION .30%-OVER $30 MILLION

PERFORMANCE COVER SHEET (STATEMENT OF CHANGES)

Denver Investments

375 - BAY COUNTY MI EMP RET SY

World

As of: September 30, 2011

Statement of Changes

	Current Month	Current Quarter
Beginning Market Value	18,275,690	21,251,512
Net Additions/Withdrawals	0	0
Income Received	14,478	31,411
Change in Accrued Income	(58)	(1,568)
Change in Unrealized Gain/Loss	(1,816,201)	(4,891,130)
Realized Gain/Loss	(351,396)	(267,711)
Ending Market Value	16,122,514	16,122,514

Portfolio Composition

	Market Value	% of Total
Total Fund	16,122,514	100.00
Equity and Related	15,647,891	97.06
Cash and Equivalents	474,622	2.94

Performance Summary

	Quarter to Date	Calendar Year To Date	12 Months	3 Year	5 Year	Inception Annualized
Total Fund	(24.13)	(17.07)	(4.87)	6.02	1.45	7.30
Equity and Related	(24.79)	(17.59)	(5.00)	7.00	1.88	7.38
Cash and Equivalents	0.02	0.08	0.11	0.44	2.06	3.48

Benchmark Indices

	Quarter to Date	Calendar Year To Date	12 Months	3 Year	5 Year	Inception Annualized
Russell Midcap Growth W/Inc	(19.33)	(11.59)	0.80	5.89	1.64	5.85
S&P Midcap 400 W/Income	(19.88)	(13.02)	(1.28)	4.05	2.20	9.40
Nasdaq Composite	(12.91)	(8.95)	1.97	5.07	1.35	4.43
S&P 500 W/Inc	(13.87)	(8.68)	1.14	1.23	(1.18)	5.35
Russell Midcap W/Inc	(18.90)	(12.34)	(0.88)	3.96	0.56	7.94

**Inception Date: May 31, 1996*

Returns greater than one year are annualized
Report printed on: 10/7/2011 @ 12:05 PM

PERFORMANCE COVER SHEET (STATEMENT OF CHANGES)

Denver Investments

375 - BAY COUNTY MI EMP RET SY

World

As of: September 30, 2011

Statement of Changes

	Current Month	Current Quarter	Fiscal Year to Date	Inception to Date
Beginning Market Value	18,275,690	21,251,512	19,441,728	10,000,000
Net Additions/Withdrawals	0	0	(121)	(10,939,288)
Income Received	14,478	31,411	126,399	1,722,306
Change in Accrued Income	(58)	(1,568)	3,179	10,699
Change in Unrealized Gain/Loss	(1,816,201)	(4,891,130)	(6,183,800)	(2,653,196)
Realized Gain/Loss	(351,396)	(267,711)	2,735,128	17,981,993
Ending Market Value	16,122,514	16,122,514	16,122,514	16,122,514

Portfolio Composition

	Market Value	% of Total
Total Fund	16,122,514	100.00
Equity and Related	15,647,891	97.06
Cash and Equivalents	474,622	2.94

Performance Summary

	Current Month	Quarter to Date	3 Months	Calendar Year To Date	Fiscal Year to Date	Inception Annualized
Total Fund	(11.78)	(24.13)	(24.13)	(17.07)	(17.07)	7.30
Equity and Related	(12.28)	(24.79)	(24.79)	(17.59)	(17.59)	7.38
Cash and Equivalents	0.00	0.02	0.02	0.08	0.08	3.48

Benchmark Indices

	Current Month	Quarter to Date	3 Months	Calendar Year To Date	Fiscal Year to Date	Inception Annualized
Russell Midcap Growth W/Inc	(10.05)	(19.33)	(19.33)	(11.59)	(11.59)	5.85
S&P Midcap 400 W/Income	(10.59)	(19.88)	(19.88)	(13.02)	(13.02)	9.40
Nasdaq Composite	(6.36)	(12.91)	(12.91)	(8.95)	(8.95)	4.43
S&P 500 W/Inc	(7.03)	(13.87)	(13.87)	(8.68)	(8.68)	5.35
Russell Midcap W/Inc	(9.63)	(18.90)	(18.90)	(12.34)	(12.34)	7.94

**Inception Date: May 31, 1996*

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Returns greater than one year are annualized
Report printed on: 10/7/2011 @ 12:05 PM

APPRAISAL SUMMARY

375 - BAY COUNTY MI EMP RET SY

September 30, 2011

	Total Cost Value	Total Market Value	Unrealized Gain/Loss	Indicated Annual Income	%PF	Current Yield	Yield To Worst
Equity	16,996,833.32	15,637,192.33	(1,359,640.99)	130,223.25	96.99%	0.83	
Cash	474,622.33	474,622.33	0.00	47.47	2.94%	0.01	0.01
Total Investments:	***17,471,455.65***	***16,111,814.66***	*(1,359,640.99)*	***130,270.72***	***99.93%***	***0.81***	
Accrued Income:		***10,699.00***			***0.07%***		
Total Account:	***17,471,455.65***	***16,122,513.66***	*(1,359,640.99)*	***130,270.72***	***100.00%***	***0.81***	

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MARVIN & PALMER®
ASSOCIATES, INC.
GLOBAL EQUITY MANAGEMENT

October 18, 2011

Danean Wright
Retirement Accountant
Bay County Employees' Retirement System
Bay County Building
515 Center Avenue, Suite 706
Bay City, Michigan 48708-5128

Dear Danean:

Your portfolio declined 10.6% during September while the Russell 1000 Growth Index lost 7.4%.

The market continued under pressure during September. The risk-off trade for many investors was to exit from any exposure to cyclical stocks. The flight from economically sensitive stocks unfolded as market participants discounted the potential for financial dislocations in Europe and a coincident economic "hard landing" in China to cause a worldwide recession. Our overweight exposure to cyclical stocks in the materials and industrials sectors caused a relative decline in our performance.

Stocks have been reflecting investor concerns about the situation in Greece and Portugal affecting the worldwide economy. There has been concern that Europe is not up to the task of solving its financial problems and that the euro may breakup. This conceptual worry has extended itself so that worldwide recession in both Asia and North America has been partially discounted. The recent concerns about a sharp slowdown in China have only served to further weaken investor confidence.

We disagree with this short-term sentiment and believe that growth will be strong in Asia and moderate in the Americas. When a solution is finally reached in Europe, and the continued economic strength in China is recognized, stocks should have a substantial rebound, particularly in the most economically cyclical areas.

From a long-term perspective, the sovereign debt crisis is forcing fiscal and monetary policy towards more responsibility. This should lead to a lengthy period of better markets.

Your portfolio and performance since inception are attached for your interest.

Sincerely,

Jay Middleton

Jay F. Middleton
Portfolio Manager – Principal

JFM/jam

Attachment

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PERFORMANCE SUMMARY

Bay County Employees' Retirement System

Portfolio Value on September 30, 2011: 21,279,128

Benchmark Russell 1000 Growth Index with Gross Dividends
Reporting Currency US Dollars
Inception Date May 19, 2006

Period	RETURN %			
	M&P Gross	M&P Net	Benchmark	Value Added
September 2011	-10.62	-10.81	-7.37	-3.25
Quarter to Date	-17.57	-17.74	-13.14	-4.43
Year to Date	-12.48	-12.99	-7.20	-5.28
2010	20.23	19.32	16.71	3.52
2009	18.10	17.23	37.21	-19.11
2008	-45.96	-46.37	-38.44	-7.52
2007	25.87	24.94	11.81	14.07
Inception Year	4.61	4.13	10.02	-5.41

Period	ANNUALIZED RETURN %			
	M&P Gross	M&P Net	Benchmark	Value Added
1 Year	-1.16	-1.92	3.78	-4.93
2 Years	5.64	4.83	8.12	-2.49
3 Years	-1.56	-2.30	4.69	-6.25
5 Years	-2.96	-3.70	1.62	-4.58
Since Inception	-2.26	-3.00	2.22	-4.49

Note 1: Performance is compared to the Russell 1000 Growth Index for reporting purposes. The actual benchmark is the Russell 1000 Growth Index plus 1%.

Note 2: The Russell 1000 Growth® Index is a trademark/service mark of the Russell Company. Russell® is a trademark of the Russell Company.

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MARVIN & PALMER ASSOCIATES, INC.
GLOBAL EQUITY MANAGEMENT

WENTWORTH, HAUSER AND VIOLICH
INVESTMENT COUNSEL

October 28, 2011

Ms. Danean Wright
Retirement Accountant
Bay County Employee's Retirement System
515 Center Avenue
Suite 706
Bay City, MI 48708-5128

RE **Bay County Employees' Retirement System**

Dear Danean:

Enclosed, please find the September 30, 2011 appraisal for your investment portfolio managed by Wentworth, Hauser and Violich, and our commentary on the overall economic outlook.

The total return (Gross of Fees) for the portfolio as compared to the returns for the relevant benchmark during the third quarter and the full year are as follows:

Portfolio	**3 Months Ended 9/30/11**	**9 Months Ended 9/30/11**	**Since Inception 3/18/04**
Bay County Employees' Retirement System	-18.23%	-14.23%	16.49%
Relevant Benchmark			
Standard & Poor's 500 Composite	-13.87%	-8.68%	17.43%

Due to unprecedented levels of uncertainty, market volatility surged and equity markets sold off across the globe in the third quarter. The main focus of investors continues to be the euro-zone sovereign debt crisis, the faltering U.S. economy, and slowing emerging markets. These concerns plus the U.S. debt ceiling debacle and subsequent Standard and Poor's downgrade of U.S. government debt further weakened investor confidence in the quarter. A summary of total return performance for broad market indices during the third quarter and first nine months of 2011 is included in the table below.

Select Market Indices	**3 Months Ended 09/30/11**	**9 Months Ended 09/30/11**
Large Cap - Standard & Poor's 500 Index	-13.87%	-8.68%
Small Cap - Russell 2000 Index	-21.87%	-17.02%
Mid Cap - S&P 400 Index	-19.88%	-13.02%
International - MSCI EAFE Index	-19.01%	-14.98%
Emerging Markets - MSCI Emerging Markets Index	-22.56%	-21.88%

The WHV Large Cap Core strategy had a dissatisfying end to the quarter with most of the underperformance coming in the last three weeks of September. Our long held overexposure to specific segments within the Energy and Materials sectors was a detriment to performance and drove quarterly performance below the benchmark. Specifically, the stocks within the Energy Equipment & Services, Metals & Mining industries in the portfolio performed poorly over the last three weeks of the quarter and dragged performance down to end below the benchmark.

The reason for the drop off in Energy Equipment & Services and Metals & Mining stocks was tied to 1) fear surrounding the euro-zone debt crisis, 2) slowing economic growth in the U.S. & China, and 3) strength in the U.S. dollar. These three factors placed significant downward pressure on commodity prices during the month of September. For instance, crude oil, copper, and corn dropped 10.8%, 22.5%, and 22.8%, respectively. The decline in commodity prices was exacerbated by a further de-risking in the market place, which led to significant underperformance in the industries where we have long had the highest conviction and active weight – Energy Equipment & Services and Metals & Mining. The performance within these two industries along with other energy holdings explains the majority of the underperformance in the quarter. Strong relative performance of holdings within the Consumer Discretionary, Financials, and Industrials sectors were not enough to offset these declines. The following are the top five and bottom five contributors to performance by holding during the quarter:

Top Contributors*	**Weight (%)**	**Total Return (%)**	**Contribution (%)**	**Bottom Contributors***	**Weight (%)**	**Total Return (%)**	**Contribution (%)**
Dollar Tree Inc.	3.7	12.79	.42	Occidental Petroleum Corp.	3.2	-30.9	-1.08
Apple Inc.	3.5	13.60	.27	National Oilwell Varco Inc.	3.4	-34.40	-1.30
Colgate-Palmolive Co.	2.9	2.12	.07	Peabody Energy Corp.	3.4	-39.25	-1.45
Cash	2.1	0.00	0.00	Baker Hughes Inc.	3.9	-36.25	-1.64
W.W. Grainger Inc.	2.9	-2.20	-.04	Freeport-Mcmoran Copper & Gold Inc.	3.8	-42.18	-1.95

**The top and bottom contributors are based on a model portfolio representative of the equity holdings in your portfolio. Your portfolio's results may vary depending on client specific restrictions, timing of initial investment, capital appreciation and/or other factors. You may contact your portfolio manager for more information regarding the methodology for calculating the top and bottom contributors to performance by holding, and to receive a list of every holding's contribution to the overall account's performance. The holdings identified above do not represent all of the securities purchased, sold, or recommended. Past performance does not guarantee future results.*

Similar to our results for the quarter, our positioning within Energy and Materials explains the relative underperformance year-to-date. Stock selection at the industry level was a slight positive. The following are the top five and bottom five contributors to performance by holding during the year-to-date period:

Top Contributors*	Weight (%)	Total Return (%)	Contribution (%)	Bottom Contributors*	Weight (%)	Total Return (%)	Contribution (%)
Dollar Tree Inc.	3.4	33.99	.90	Vale S.A. Ads	2.9	-27.63	-.87
Apple Inc.	3.2	18.22	.37	Occidental Petroleum Corp.	3.8	-26.05	-.89
Canadian National Railway Co.	2.5	13.63	.37	Corning Inc.	2.8	-37.10	-1.29
Colgate-Palmolive Co.	2.8	12.62	.22	Peabody Energy Corp.	3.5	-43.91	-1.65
W.W. Grainger Inc.	2.7	9.7	.21	Freeport-McMoran Copper & Gold Inc.	3.8	-48.07	-2.29

** The top and bottom contributors are based on a model portfolio representative of the equity holdings in your portfolio. Your portfolio's results may vary depending on client specific restrictions, timing of initial investment, capital appreciation and/or other factors. You may contact your portfolio manager for more information regarding the methodology for calculating the top and bottom contributors to performance by holding, and to receive a list of every holding's contribution to the overall account's performance. The holdings identified above do not represent all of the securities purchased, sold, or recommended. Past performance does not guarantee future results.*

We remain committed to the exposure in growth cyclicals. The primary driver of this commitment is global economic growth. Economic growth remains anemic in developed countries while the developing countries continue to exhibit above average growth characteristics. We believe the most attractive large capitalization investments remain those companies that can best leverage the secular growth and market expansion opportunities in the emerging markets. Thus, while growth cyclicals can be more volatile, we believe in the long-run the returns will be sufficient to justify the volatility.

We believe that during the quarter the market overcorrected and created an unjustified disconnect between stock prices and actual company fundamentals. Therefore, while we continuously make marginal adjustments to individual portfolio holdings and exposures, overall we are not reducing risk in the portfolio. Our investment philosophy and process continues to focus on building a portfolio of high quality companies exhibiting strong fundamentals, catalysts for growth, and attractive valuations. The recent results have not changed that philosophy.

Given the recent turmoil in the euro-zone and its negative effect on third quarter performance, we'd be remiss if we didn't attempt to put Europe into context. First, the total potential losses from PIIGS (Portugal, Ireland, Italy, Greece, Spain) sovereign debt to euro-zone banks equates to 3% of euro-zone GDP.[i] Second, the total potential losses from PIIGS sovereign debt to all holders of that debt equates to 9% of euro-zone GDP. Although large figures, they are dwarfed by the U.S. real estate meltdown whereby the land value loss since 2006 has equated to 40% of U.S. GDP.[i] In short, the potential losses from European sovereign debt, albeit large, are nowhere near the losses that were absorbed from the U.S. real estate meltdown. In our opinion, it is not the size of the European debt crisis that is the issue; it is the lack of direct intervention and leadership in addressing the crisis.

Turning to the U.S. economy, we have a slightly less constructive outlook relative to three months ago. Recall during the second quarter we felt many of the weakening data points were due to numerous temporary disruptions (Japan's natural disasters, severe U.S. weather patterns, and the then prevailing spike in commodity prices). The more recent economic data suggests that U.S. economic growth is slowing. Corroborating the slowdown thesis are the renewed weaknesses in the labor market, slowing retail sales trends and diminishing trends in the manufacturing surveys. On the positive side, the Index of Leading Economic Indicators has increased in each of the past four months, the yield curve is positively sloped, industrial production has risen each of the past four months, commercial and industrial loans have begun to increase after falling for a year and a half and gas prices are lower.

The current macro-related concerns combined with a charged political environment will likely continue to weigh on confidence. However, corrections such as the one we are currently experiencing are not uncommon. Over the past 31 years the average intra calendar year decline is 14.2% but the market has generated a positive annual return in 24 of the 31 years.[ii] Last quarter we discussed lower correlations as a potential positive for stock selection going forward. Unfortunately, amidst the recent macro driven fear trade correlations rose rapidly in the quarter topping 90% as measured by the CBOE S&P 500 Implied Correlation Index. Long-term, we believe the reduction of uncertainty and continuation of modest economic growth will likely be the catalyst for multiple expansion.

Despite incrementally lowering our expectations for U.S. economic growth, we still believe very modest growth is achievable, barring an uncontrolled default in the euro-zone which could lead to another global credit crisis. Further supporting this view are growing, albeit slower, emerging markets, continued strong corporate profits, healthy balance sheets, improving capital expenditures, and low inventory levels. Valuations are attractive relative to historical levels and current interest rates. In an environment of modest economic growth and improving corporate profits we believe equities should perform well.

For a more in-depth analysis of the current economic environment, we encourage you to read our REVIEW AND OUTLOOK- Fall 2011, which is included with this mailing. As always, if you have any questions or comments, we welcome your inquiry.

Sincerely,

Jeffrey C. Coburn, CFA
Vice President, Portfolio Manager

JCC/cgs

Enclosures

Cc: Ms. Martha P. Fitzhugh
Mr. Richard Potter

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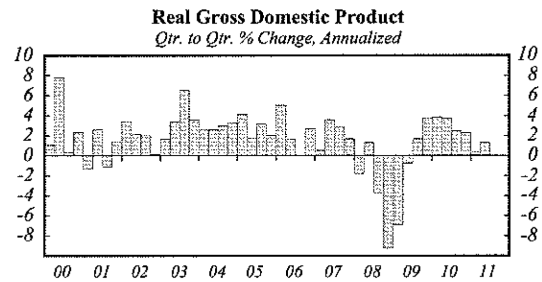
[i] Source: Empirical Research Partners, Portfolio Strategy, October 2011
[ii] Source: Standard and Poor's, FactSet, J.P. Morgan Asset Management

Disclosure: Certain statements contained in this commentary are forward-looking, including those that discuss strategies, goals, outlook or other non-historical matters; or project revenues, income, returns or other financial measures. These forward-looking statements are made only as of the date on which they are made, and WHV undertakes no obligation to update or revise any forward-looking statements.

WENTWORTH, HAUSER AND VIOLICH

REVIEW AND OUTLOOK - FALL 2011

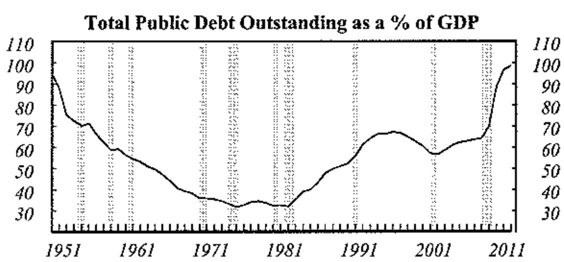
U.S. economy experiencing slower growth.



Economic growth within the United States has slowed significantly over the past several quarters. In the first half of 2011, real Gross Domestic Product (GDP), the total output of goods and services within the United States adjusted for inflation, grew at an annual rate of 0.9 percent. For all of 2010, real GDP grew at 3.0 percent, however, the rate of growth decelerated throughout 2010 from an annual rate of 3.9 percent in the first quarter to 2.3 percent in the fourth quarter.

Revised GDP figures show a deeper recession and slower recovery.

With the second quarter GDP report, the government revised its data going back to 2003. The revisions showed the recession to be deeper, and the recovery to be milder than previously reported. The 2007-09 Great Recession experienced a 5.1 percent decline in real GDP compared to the earlier figure of 4.1 percent. The recovery in economic activity from the second quarter of 2009 through the second quarter of 2011 was revised to a 4.6 gain in total output, down from 4.9 percent. The significance of these revisions is that the growth in real GDP of the past two years has not yet surpassed the peak of the prior economic cycle in the fourth quarter of 2007. This underscores that this is the weakest economic rebound of the same length, following a recession, in the post-World War II period which covers eleven cycles.



The downward revision in GDP also underscores the nation's growing debt burden. Total outstanding U.S. government public debt is $14.7 trillion representing 98.3 percent of GDP. This debt is growing at a clip of $3.9 billion a day. By the end of the year, the outstanding public debt will exceed 100 percent of GDP a level that virtually all economists believe is unsustainable. The federal budget deficit is about 8 percent of GDP, also an unsustainable level relative to the long-term health of the economy.

The Administration and Congress have not been able to address the short-term problem of a depressed level of economic activity and the long-term problem of huge unfunded future liabilities of Social Security, Medicare, Medicaid and the new health care reform legislation.

U.S. government debt downgraded by S&P.

This deterioration in the fiscal situation of the United States, and the comedic events surrounding an increase in the debt ceiling, caused Standard & Poor's to downgrade the credit rating of the United States to below AAA. This is the first downgrade in U.S. debt since ratings were initiated. France and the Isle of Man have higher credit ratings than the U.S.

The legislation that increased the debt ceiling above $14.3 trillion in August created a twelve-member Joint Legislative Committee to recommend to Congress by November 23 ways to cut the federal budget deficit. If recommendations are not enacted by Congress automatic reductions in defense and discretionary spending will occur.

Recently released economic data are mixed and suggest that the economy may be on the brink of entering another recession after only eight or nine quarters of growth. The average

Post-WW II expansion has lasted 59 months and the expansions have become greater in length with the past three expansions averaging 95 months.

Consumers are de-leveraging.

The reasons for the anemic nature of this recovery are several. After many years of profligate spending and borrowing, consumers are saving and de-leveraging. The high unemployment rate and lack of job growth have increased the fear among consumers of becoming unemployed. Corporations are also unwilling to invest or hire. The multitude of burdensome regulations of the past decade, including the Sarbanes-Oxley Act (2002), The Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) and the Patient Protection and Affordable Health Care Act (2010), not to mention the numerous rulings, mandates and regulations handed down by various government agencies, have spawned incomprehensibly complex laws that have resulted in uncertainty, anxiety and caution as to the future course of the economy. When uncertainty increases, the willingness of consumers to spend and companies to commit capital to long-term investment diminishes.

Excessive regulations stifling the economy.

Banks have tightened lending standards.

Additionally, banks have reduced their willingness to lend. Lending standards have increased but uncertainty has also increased as a result of actions by the government. Government policy since the 1930s has been to promote home ownership. Fannie Mae and Freddie Mac were created to facilitate the mortgage market. The Community Reinvestment Act of 1977, and laws that followed, essentially mandated banks to provide mortgage loans to "rural and underserved areas." To comply with these mandates, banks had to lower their lending standards thereby creating sub-prime mortgages. Congress authorized Fannie and Freddie to buy these mortgages. The Fed lowered interest rates in the early 2000s and a housing boom ensued. There were profits to be made by all. Throw in some greed, larceny, corruption and incompetence and a boom-bust housing cycle occurred. The government rescued its own agencies (Fannie and Freddie) and other financial institutions. Now the government, through the Federal Housing Finance Agency, is suing the banks for misleading Fannie and Freddie on the loans the banks sold to the government agencies. This occurred during the time that Fannie and Freddie themselves were making enormous profits, paying their CEOs millions of dollars in compensation and undertaking accounting mischief. No wonder people have little confidence in their government and no wonder the banks are cautious about making mortgage loans.

Labor market remains weak.

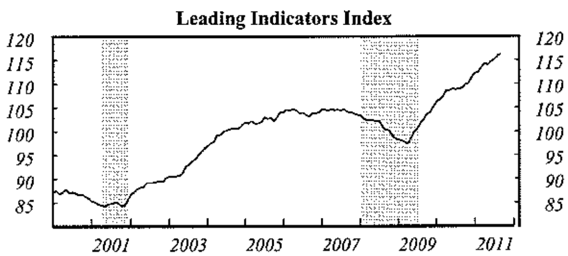
The labor market has exhibited renewed weakness of late. Initial claims for unemployment insurance have trended upward over the past couple of months and the nonfarm payroll employment numbers have shown a loss of momentum over the past year. Nonfarm payrolls are 6.6 million below the peak of the past cycle in January 2008. The unemployment rate in September was 9.1 percent, marginally better than the average of 9.2 percent for the past year. There are 14 million people who are unemployed, 6.2 million who want a job but are not looking for one (i.e. have withdrawn from the labor force), and 9.3 million who want to work full time but are only working part time. This under-utilization of the labor market has negatively impacted consumer income and spending, consumer confidence and federal and state tax receipts.

Retail sales have likewise exhibited a slowing trend. Over the past twelve months the annual rate of change in retail sales has fallen from 7.2 percent, to 2.9 percent for the past six months to 2.1 percent for the past three months to no change in August. Similar diminishing trends have been reported by the ISM Non-manufacturing Survey, the ISM Manufacturing Survey, the Chicago Purchasing Managers' Survey, the Philadelphia Fed Survey and the Empire State Manufacturing Survey.

Housing market remains weak.

The housing market remains depressed. Existing home sales, new home sales and housing starts are near cyclical lows. Twenty-five percent of homeowners with a mortgage owe more than their house is worth. Over six million households are delinquent on their mortgage payments or in foreclosure as of the end of the second quarter of 2011. The Case-Shiller Home Price Index has fallen 31.7 percent from the April 2006 peak. Homeowners have lost close to $7 trillion in equity over the past five years. In perspective that is almost half of the total GDP of the U.S. in 2010. The fallout from the housing bust has adversely impacted consumer sentiment and confidence and attendant consumer spending. The economy is not likely to get a boost from the housing market in the foreseeable future.

Most economic indicators suggest continued but slower growth.



Other economic data point to continued, albeit slow, economic growth over the next six to nine months. The Index of Leading Economic Indicators has increased in each of the past four months. Over the past six months, which is considered the best indicator of future economic activity, the Leading Index has risen at an annualized rate of 4.8 percent and is 6.5 percent above the year-earlier level. Interest rates remain at historically low levels. The 90-day Treasury bill yields 0.01 percent (reflecting a level of risk-aversion that is focused on return "of" principal, never mind return "on" principal) while the 10-year Treasury yield has fallen below 2.0 percent. The 30-year Treasury bond yield hovers around 3.0 percent. A positively sloped yield curve, whereon longer-term interest rates are higher than short-term interest rates, has historically been a positive sign for the economy.

Industrial production has risen in each of the past four months. Commercial and industrial loans have begun to increase after falling for a year and a half and are 8 percent above their recession low. Consumer credit loans have also exhibited an upward trend as non-revolving credit (auto) has outpaced a continued decline in revolving (credit card) loans.

Economists are seeing increased odds of a recession.

In summary, forecasters have lowered expectations for U.S. GDP growth to 1 to 2 percent for the last half of 2011 and about 1.5-2.5 percent for 2012. Economists give the increased odds of a recession over the next six months at about one in three. The Federal Reserve, after its September 21, 2011 meeting, released the following statement: "Moreover, there are significant downside risks to the economy, including strains in global financial markets."

European sovereign debt crisis a serious challenge.

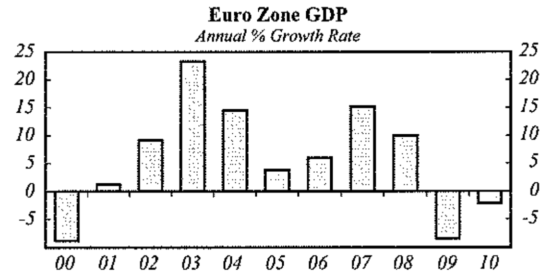
Indeed, the most immediate threat to the U.S. economy would appear to be the sovereign debt crisis in Europe. Greece is running out of money to fund its government debt, pay public sector wages and pay retirees' pension and healthcare benefits. Portugal, Ireland, Italy and Spain are not far behind Greece. The sovereign debt of the various European countries is held throughout the banking system in Europe and Great Britain. A default could adversely impact the global financial system. The level of economic output, the foundation of debt-service capacity, is not sufficient to cover the liabilities of the euro zone's peripheral countries.

Long-term solution to Europe's problems unlikely.

The European Financial Stabilization Facility (EFSF) has been created by the euro zone members as a "temporary" bailout fund. However there is disagreement as to how much each country should contribute and German resistance. The European Central Bank and the International Monetary Fund are also being asked to provide loans.

In return for the loans, Germany and others want the endangered countries to take steps to close their federal budget deficits. The actions include tax increases and reforms of labor laws and social welfare systems. Such steps could drive these economies into deeper recessions and higher unemployment resulting in reduced tax revenues and larger deficits. Austerity measures are likely to be met with public opposition, strikes and civil disorder and one or more countries leaving the euro zone. A breakup of the euro zone would have unpredictable negative effects on the global economy.

Global growth forecasts are being pared.



Forecasts for the global economy are being pared. China, India and Brazil are purposefully trying to slow their economies to rein in inflationary pressures. The forecasts for Japan, the U.S., the euro zone and Great Britain are for tepid to no economic growth for the second half of 2011 and into 2012. The slowdown in global growth is feeding upon itself. The developed countries have relied on the emerging markets to spur export growth to offset weak domestic demand. The emerging and developing markets have relied on growth in the developed countries to fuel their economies through exports.

This slowdown may cause a reversal of monetary policy in those emerging countries that have raised interest rates to fight inflation. Brazil's central bank, which raised interest rates five times during the first seven months of 2011, lowered interest rates at its last meeting in response to slower growth. It is likely that the actions of Brazil's central bank will be followed by others so the correction process for curtailing inflation may already be underway. The IMF projects China to grow at 9.5 percent in the second half of 2011 and 9.0 percent in 2012. Its forecast for the global economy is growth of 4.0 percent, down from a June forecast of 4.3 percent. Given the higher base of global output, a 4.0 percent rate of growth for the world economy in 2012 should keep the developed countries from sliding into recession.

U.S. corporate profits are at a record level.

In the second quarter of 2011, corporate profits in the U.S. from current production after capital consumption and inventory valuation adjustments, considered the best measure of corporate profits, were at a record level and up 8.3 percent over the prior year. Corporate balance sheets are also in a strong position with record amounts of cash. The various domestic stock market indices sell at 10-12 times earnings and many of their dividend yields are above the 30-year U.S. Treasury yield, suggesting that the equity markets are undervalued, assuming there is not a serious further deterioration in the global economy. Given the fragile condition of the economy, government policy in the period ahead regarding taxation, spending, trade and regulation will determine the future course of economic activity.

WENTWORTH, HAUSER AND VIOLICH
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WENTWORTH, HAUSER AND VIOLICH
INVESTMENT COUNSEL

November 1, 2011

Ms. Danean Wright
Retirement Accountant
Bay County Employee's Retirement System
515 Center Avenue
Suite 706
Bay City, MI 48708-5128

RE: **Bay County Employees' Retirement System**

Dear Board of Trustees:

Please find the preliminary investment returns for the period ending October in the table below.

Time Weighted Total Return
Gross of Fees

	One Month	Year-To-Date	One Year	Three Year Annualized	Five Year Annualized	Since Inception* Annualized
Bay County Employees' Retirement System	15.46%	-0.97%	8.59%	13.15%	1.52%	3.97%
S&P 500	10.93%	1.30%	8.09%	11.41%	0.25%	3.53%

*Since Inception Date 03/18/04

As always, we stand ready to answer any questions or comments you may have regarding the portfolios performance. Thank you for your continued confidence in Wentworth, Hauser & Violich and the Large Cap Core Investment Team.

Best regards,

Jeffrey C. Coburn, CFA

Cc: Richard Potter

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ColumbiaManagement

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October 20, 2011

Ms. Danean Wright
Retirement Accountant
BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
515 Center Avenue Suite 706
Bay City
MI 48708-5128

RE: Bay County Employees Retirement System

Dear Danean:

We are pleased to enclose our quarterly report as an Investment Manager for the Bay County Employees' Retirement System for the quarter ended September 30, 2011.

The following table highlights the performance for your portfolio as of September 30, 2011, compared to your stated benchmark of the Russell 1000 Value Index plus 1% annually:

	Market Value as of 09/30/2011	Quarter ended 09/30/2011	9 months ended 09/30/2011	Since Inception*
Total Portfolio	$21,245,202.89	-16.90%	-10.01%	2.73%
Russell 1000 Value Index + 1% annually		-15.98%	-10.56%	3.03%
S&P 500 Index		-13.87%	-8.68%	0.22%

* Inception Date: January 26, 2001

The U.S. stock market fell sharply in the third quarter of 2011. The broad market as measured by the S&P 500 suffered double-digit losses and the largest drop since the 2008 global meltdown. Fears about a slowing U.S. economy and the European debt crisis drove stocks lower in the third quarter. The U.S. markets began a spiral down in late July as investors were unnerved by the lack of action by Congress on the U.S. debt ceiling which coupled with the slowing of Gross Domestic Product(GDP) led investors to sell stocks in favor of less risk assets including staying in cash. Throughout the quarter, there was talk of a double-dip recession, although that was mostly discounted as the quarter came to an end. It is our opinion that this is an unlikely outcome given the strong balance sheets of most corporations. Although GDP is slowing we anticipate that it will remain positive throughout the balance of the year.

Large Cap stocks generally outpaced smaller stocks and growth outperformed value during the quarter. On an absolute basis the portfolio underperformed the Russell 1000 Value Index and the broad market as measured by the S&P 500 Index for the quarter. The underperformance for the quarter was primarily attributable to sector selection. The best performing sectors on a contribution to return basis in the quarter were Health Care and Consumer Discretionary and the largest distracters were Industrials and Utilities. Health Care and Consumer Discretionary are more defensive in nature and in a broad sell off they tend to do better.

Financials, which comprised 20% of the portfolio under the 25% weighting in the Russell 1000 Value Index, were considerable laggards during the quarter on the heels of a multitude of problems including the fear of a slowing economy in the U.S.; the European banking crisis; the implementation of Federal regulation which limits the banks' ability to make a profit. In addition the Insurance subsector was saddles with potential losses from weather related issues in the U.S. as well as the Japanese earthquake and tsunami. The Federal Reserve Board also announced the implementation of "Operation Twist", a program by which they would sell $400.0 billion in short-term Treasury bonds and by longer term debt, a move aimed at driving down long term borrowing costs and hopefully stimulating lending by the banks. All of the banks in our portfolio were hurt during the quarter with Bank of America (BofA) being the worst performer among the group. The weakness in the banks, in spite of strong balance sheets and capital positions allowed us to add to our positions in a number of names including Wells Fargo and BofA. Going forward we expect dividend yields to rise adding to the attractiveness of the sector. We are confident in the positions we own in the portfolio and do not plan on making any changes to the financial sector stocks at this time. We believe that financial; stocks will generate considerable alpha going forward.

Strong performance in the Consumer Sector was primarily driven by our holdings in General Mills, Altria Group, and Costco. General Mills' quarterly results beat Wall Street expectations as the company was able to raise prices, thus increasing revenue. The dividend component of a number of names in the sector are very attractive including Altria which has a 6% dividend yield thus making the names even more compelling to own. We are comfortable with our weighting in the Consumer sectors' and as the economy improves these names should also have further gains.

Health care stocks, although a small weighting in both the portfolio and the index were the best absolute performers in the quarter. Humana Inc., Bristol-Myers Squibb, and Baxter International were strong performers in the quarter. Our weighting in the sector is slightly under the Russell Benchmark weighting. The P/E and earnings for the sector are still attractive on an historical basis.

Energy stocks were mixed performers in the quarter on the heels of lower oil prices. Our holdings in the sector include Marathon Oil, Valero Energy, Williams Cos., Conoco and Chevron. Valero had the largest negative impact in the sector as oil prices fell and an oversupply of gasoline and a narrowing of the prices between heavy crude and refined product continued. We continue to believe this a temporary situation and we expect energy prices to strength in the coming months.

Outlook

We remain cautiously positive on the U.S. stock market for the remainder of 2011. A continued accommodative monetary policy and strong corporate profitability coupled with a low interest rate and inflation environment and lower oil prices should help fuel stocks. Corporate cash levels remain at record highs and as the economy improves, companies will both increase capital expenditures, and raise dividends. We continue to be concerned about the high unemployment rate, which has diminished consumer spending and could temporarily derail US economic growth. The situation in Europe remains worrisome although it appears that Germany and others will find a solution to the problems in Greece, Portugal, Spain and other weaker member of the European Union.

If you have any questions on your account or would like to discuss any aspect of portfolio performance, please do not hesitate to call me.

Best Regards,

Alan J. Puklin

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Time Period			Percent Return Per Period: Portfolio Gross	Portfolio Net	FTSE/NAREIT Equity Index
8/31/2011	to	9/30/2011	-11.27%	-11.32%	-10.96%
12/31/2010	to	9/30/2011	-5.26%	-5.69%	-6.01%

CORNERSTONE

PERFORMANCE HISTORY
Bay County Employees' Retirement System

Total Return

Time Period	Portfolio Returns Gross	Portfolio Returns Net	FTSE/NAREIT Equity Index
Q3 2011	-15.31%	-15.44%	-14.71%
YTD	-5.26%	-5.69%	-6.01%
1 Year	2.16%	1.54%	0.98%
*Since Inception	15.01%	14.33%	11.92%

**Inception Date 10/21/2008*

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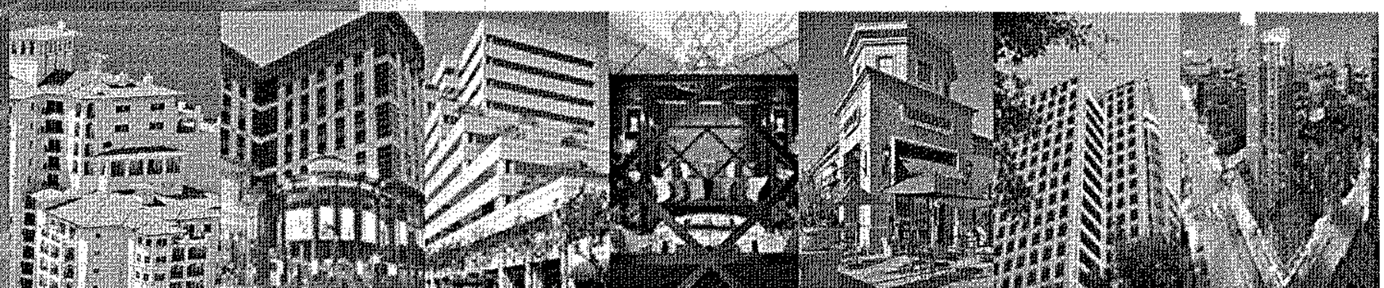

Bay County Employees' Retirement System
Real Estate Securities
Quarterly Report
Quarter Ended September 30, 2011

October 31, 2011

Bay County Employees' Retirement System
Bay County Voluntary Employees' Beneficiary Association
Bay County Building
515 Center Avenue, Suite 706
Bay City, MI 48708-5128

Dear Bay County Employees' Retirement System:

The total return of the Bay County Employees' Retirement System REIT account for the quarter ended September 30, 2011 is as follows:

Portfolio	**Bay County's Total Return Ending September 30, 2011**	
	Quarter	**YTD**
Bay County Employees' Gross	-15.31%	-5.26%
Bay County Employees' Net	-15.44%	-5.69%
FTSE NAREIT Equity REIT Index	-14.71%	-6.01%

REIT Market Overview

Broader equity markets experienced an emphatic reversal and move downward starting in August, coinciding with the debt ceiling debate, Standard & Poor's credit downgrade of the U.S., and the continued problems with European sovereign debt. Moreover, as economic data grew increasingly weaker throughout the quarter, investors began to price in meaningfully lower expectations for global economic growth, placing future earnings growth in question. Not surprisingly the FTSE NAREIT Equity REIT Index (REIT Index) was not immune to the selling pressure and lagged the broader equity markets during the third quarter.

Navigating the equity market in the third quarter was extremely difficult. In addition to underwriting macroeconomic and company specific fundamentals, investors were forced to try to forecast governmental policies both domestically and overseas. Making matters worse, these policies seemed to be ever changing resulting in violent swings in valuations from day to day. That said, the general trend seemed to point to increased concerns and a flight to higher quality names with sound balance sheets and attractive dividend yields. In general, we would argue that these are the characteristics of the REIT Index and the companies in our portfolio. However, concern that the European Debt crisis could lock up capital markets similar to 2008 has disproportionately impacted the REITs sector. Looking at relative performance, defensive sectors (Manufactured Homes, Self-Storage and Healthcare) were the best performing sectors in the REIT Index during the third quarter. The Lodging, and Industrial sectors, which are most closely tied with global economic activity, lagged the benchmark during the quarter.

Market Commentary

The sovereign debt crisis in Europe, budgetary concerns in the U.S. and concerns about the sustainability of economic growth in emerging markets are serving to cloud companies' ability to forecast their growth prospects and in general reducing confidence levels. This lack of confidence is proving to have a greater impact on the domestic economy than previously thought. As such, although we have always believed that the U.S. economy would only post modest economic growth at best in 2011 and 2012 we modestly reduced our expectations during the third quarter and now only expect 1.5%-2.0% growth versus our prior forecast of 2.0%-2.5%. This level of growth is insufficient to generate meaningful job creation and reduce the unemployment rate, thereby continuing to place pressure on the U.S. consumer.

Despite the uncertain macro-economic environment real estate fundamentals have thus far remained strong for all property types. Demand for space may have downshifted slightly from the strong pace experienced in the first half of the year, but the lack of new supply allowed landlords to continue raising rents during the third quarter. While this level of growth is obviously disappointing from a macroeconomic perspective, it actually should remain favorable for commercial real estate fundamentals. Indeed, despite tempering our demand expectations, the lack of new supply across all property types has moderated the impact to our estimated 2012 NOI growth rates. We expect the REIT Index will enjoy another year of positive NOI growth next year. In addition to improving cash flows, absent a dislocation in the credit markets, we believe real estate valuations should remain relatively stable thanks to the Federal Reserve's zero interest rate policy, which other things equal, make real estate cash-flows more attractive to long-term core investors despite any deterioration in economic activity.

As the capital markets and economy struggle through another difficult and uncertain period over the last few months, many investors grew concerned that REITs could once again experience a sharp decline similar to the 80% decline experienced in late 2008 and early 2009 post the Lehman bankruptcy. Unlike the period of the global financial crisis, however, we have not seen indications of a complete breakdown in the credit markets, lenders continue to aggressively provide loans to high quality assets in core markets, and we believe REIT balance sheets are in better shape than they were in 2008. Indeed, REIT balance sheets currently contain lower leverage, net debt to EBITDA ratios are currently around 6.7x for the REIT Index versus 7.2x in 2008. What's more, while occupancy and EBITDA have improved off of their lows, they are still lower than pre-GFC peaks and likely reflect less "excess" leased space. As a result we would expect somewhat more stable occupancy and EBITDA even in a weaker economic environment. In addition to having less debt, REITs have fewer near-term maturities (about 10% of enterprise value today versus 13% in 2008) and less unfunded development projects (around $5 billion today versus in excess of $10 billion in 2008). While we would have preferred to have seen even further improvement in credit metrics over the last few years, this improvement should allow REITs to better withstand any potential dislocations in the credit markets and we are unlikely to experience a repeat performance in the near future.

Property Markets

As we previously mentioned despite moderating our growth expectations for the U.S. economy and thereby reducing our demand expectations, fundamentals for all property types remain relatively healthy and improving.

Office

Office occupancy trends continued to stabilize during the third quarter and although releasing spreads remain negative the rate of decline is improving as tenant activity picks up. Shorter lease terms and modest jobs growth have weighed on low barrier suburban companies year to date and that trend is likely to continue. But even with the uncertain economic environment demand for high-barrier office space remains relatively strong. We believe the potential for job cuts at major financial institutions could curtail some of this strength in the near-term, but we do not believe these firms will look to give any space back to landlords allowing the supply and demand relationship to remain relatively tight. As such, we currently favor high-barrier Office REITs versus their suburban peers.

Multifamily

While multifamily fundamentals on a historic basis remain extremely strong thanks to positive demographic trends and a cyclical shift in sentiment toward rental housing from homeownership, it appears we reached an inflection point in the pace of growth during the second half of the third quarter. Indeed, as we warned in our second quarter letter, although the pace of mid to high-single digit rental rate increases continued throughout the third quarter, the pace of these increases slowed slightly as income growth failed to keep up. As such, we believe Multifamily REIT shares, which enjoyed a prolonged period of outperformance could face an extended period of underperformance as NOI growth rates fail to meet Wall Street's lofty expectations. What's more, unlike other sectors which have no new supply on the horizon, planned development starts have been rising in the multifamily sector over the last few quarters. This supply won't reach the market until 2013 at the earliest, but it could curtail longer term growth prospects for the sector as it comes on line.

Retail

In light of the constant barrage of negative headlines throughout the quarter investors would have suspected that the American consumer would drastically reduce spending. Indeed, consumer confidence declined sharply during the third quarter, placing pressure on Retail REIT shares. That said, despite indicating a lack of confidence, consumers continued to spend, and in fact at an increased pace during the quarter. While food prices continue to rise, energy prices began a slow decline, offsetting impacts on discretionary spending, and possibly providing support for this sales growth. On the retail REIT front, the lack of new retail supply is keeping occupancy levels stable despite a number of high profile store closures. While small shop leasing is still struggling in the shopping center group, big box and junior anchor leasing continues to surge ahead driving better-than-expected revenue growth. In regional malls, the high-end consumer continues to spend driving superior sales results for the A mall landlords over their B mall counterparts.

Lodging

Fundamentals for the lodging sector turned the corner in 2011 and are poised to deliver historically strong growth this year. Despite the economic uncertainty during the third quarter RevPar growth remained in the mid- to high-single digits throughout thanks to a dramatic shift to rate led growth, particularly for luxury hotels. This has allowed Lodging REITs to experience material margin improvement. Despite the positive fundamental environment, Lodging REIT stocks have materially underperformed year to date as investors have priced in slower growth next year and the possibility that the lodging industry could endure another recession before a sustainable recovery. Thus, despite relatively attractive valuations we do not believe the sector will outperform the REIT Index until economic indicators have clearly troughed and begin to improve.

Industrial

Industrial occupancy rates continued to slowly improve during the third quarter despite the concerns about global economic growth. Vacancy rates have now declined for four straight quarters resulting in rent stabilization and perhaps indicating that we are nearing an inflection point. Unfortunately Industrial REIT share prices have not benefited from the improved fundamentals as investors have focused on concerns about the potential for a decline in global trade due to an economic slowdown than the near-term fundamental picture.

REIT Outlook

The sharp correction in REIT valuations have resulted in the stocks looking more attractive on a relative basis versus most other asset classes. Moreover, although we have modestly reduced our rent growth assumptions for most property types due to a weaker economic outlook, fundamentals for commercial real estate remain relatively strong, with no new supply and modest demand growth, allowing most REITs to maintain and increase dividends over the next few years. Finally, unlike 2008, REITs are lower levered and have fewer near term debt maturities coming due in the next 2-3 years. Accordingly, we believe the current environment represents an attractive entry point for investors with a longer-term view.

Sincerely,

Scott Westphal
Managing Director, Global Real Estate Securities

PORTFOLIO VALUATION AND STATEMENTS

Bay County Employees' Retirement System
05231100/
SmallCap Growth Equity

AS OF 09/30/2011

CURRENT PERIOD STARTED ON: 09/01/2011
CURRENT QUARTER STARTED ON: 07/01/2011
YEAR-TO-DATE STARTED ON: 01/01/2011
INCEPTION DATE: 09/03/2010

ANALYSIS OF RATES OF RETURN

	CURRENT MONTH	CURRENT QUARTER	YEAR-TO-DATE	PAST 12 MONTHS	ANNUALIZED THREE-YEARS	ANNUALIZED FIVE-YEARS	ANNUALIZED SINCE INCEPTION
TOTAL MANAGED ASSETS	-11.10%	-23.13%	-12.29%	3.34%	N/A	N/A	10.04%
Russell 2000 Growth Index	-11.50%	-22.25%	-15.57%	-1.12%	N/A	N/A	4.88%

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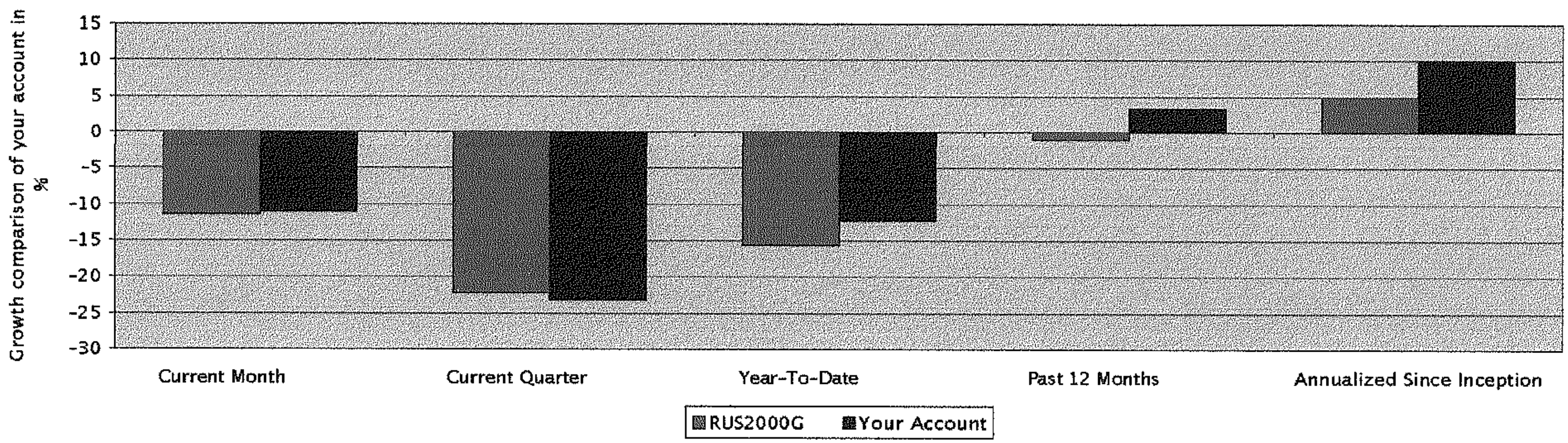

EAGLE | Asset Management
880 Carillon Parkway | St. Petersburg, FL 33716 | p: 800.237.3101

STATEMENT

PORTFOLIO VALUATION AND STATEMENTS

Bay County Employees' Retirement System
05231100/
SmallCap Growth Equity

AS OF 09/30/2011

CURRENT PERIOD STARTED ON: 09/01/2011
CURRENT QUARTER STARTED ON: 07/01/2011
YEAR-TO-DATE STARTED ON: 01/01/2011
INCEPTION DATE: 09/03/2010

SUMMARY

CONTRIBUTIONS THRU 09/01/2011	$6,520,183
DEPOSITS MADE DURING STATEMENT PERIOD	
SECURITIES	$0
CASH	$0
WITHDRAWALS MADE DURING STATEMENT PERIOD	
SECURITIES	$0
CASH	$(2)
TOTAL CONTRIBUTIONS THRU 09/30/2011	$6,520,181
MARKET VALUE OF ACCOUNT AS OF 09/30/2011	$7,584,423

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We have provided this information regarding your account(s) based on sources we believe to be reliable and accurate. We encourage you to compare the account balances contained in this report to those balances reflected on the statements you receive directly from your account's custodian. Please contact us or the account custodian with any questions you may have. Also, please notify us promptly if you do not receive statements on all accounts from the custodian on at least a quarterly basis.

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value — Total Market Value: $8,793,599 (2.1% Cash) — Quarter Ended September 30, 2011

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Performance Returns - Gross of Fees

	MTD	QTD	YTD	Since Incept.
Portfolio - Total Return	-14.51 %	-25.69 %	-21.84 %	3.53 %
Portfolio - Equity Only	-14.73	-26.03	-22.24	3.23
Russell 2000 Value Index	-10.92	-21.47	-18.51	3.25
Russell 2000 Index	-11.21	-21.87	-17.02	3.44
S&P 500 Index	-7.03	-13.87	-8.68	2.91

Commencement of portfolio: 12/1/03. Periods over one year are average annualized returns.

Weighted Average Portfolio Characteristics

	Portfolio	Rus 2000 V	Rus 2000
Projected P/E Ratio (FY2)	7.9x	10.0x	11.0x
Price / Cash Flow Ratio	3.6x	5.7x	7.1x
Price / Book Ratio	0.9x	1.0x	1.4x
Dividend Yield	1.3%	2.5%	1.7%
Market Capitalization (mm)	$1,255	$922	$1,051
# of Holdings / 1-Yr Turnover	57 / 52%		

Top and Bottom Five Contributors to Performance

	End Wgt	Ttl Ret.	Contr.
Kinetic Concepts Inc.	1.57 %	14.33 %	0.19 %
PharMerica Corp.	1.43	11.83	0.16
Jones Group Inc.	0.00	4.52	0.09
Corrections Corp. of America	0.70	5.73	0.04
Rent-A-Center Inc.	2.56	-10.18	0.04
Symetra Financial Corp.	3.19 %	-38.95 %	-1.52 %
Con-Way Inc.	3.50	-42.75	-1.65
Noranda Aluminum Hldg	2.52	-44.85	-1.78
Stone Energy Corp.	2.62	-46.66	-1.95
Valassis Communications	4.99	-38.15	-2.02

Trading Data

Major Buy(Sell) *New buy/final sell	+/-
Horace Mann Educators Corp.	1.0%
Quiksilver Inc.	0.9%
ON Semiconductor Corp.	0.8%
Huntington Ingalls Industries	0.8%
Valassis Communications	0.7%
(Noranda Aluminum Hldg)	-1.2%
(Great Plains Energy Inc.)	-1.4%
(Valassis Communications)	-1.4%
(Miller Industries Inc.)	-1.9%
(Jones Group Inc.)	-2.9% *

Top Ten Stocks - Total Portfolio

	End Wgt
MI Developments Inc.	5.1 %
Valassis Communications	5.0
Great Plains Energy Inc.	4.8
Alliant Techsystems Inc.	4.5
Huntington Ingalls Industries	4.0
PHH Corp.	3.5
Con-Way Inc.	3.5
Arris Group Inc.	3.4
Global Indemnity PLC	3.4
Miller Industries Inc.	3.3

Performance Attribution

	Portfolio		Russell 2000 Value		Allocation		
	Avg Wgt	Equ. Ret.	Avg Wgt	Equ. Ret.	Sector	Stock	Total
Health Care	4.30 %	9.24 %	5.42 %	-26.39 %	0.13	1.42	1.55
Information Technology	9.16	-12.74	11.42	-25.32	0.19	1.17	1.35
Utilities	8.21	-4.72	7.30	-3.49	0.20	0.03	0.24
Telecommunication Services	0.00	0.00	0.75	-30.85	0.13	0.00	0.13
Consumer Staples	1.81	-33.68	2.88	-16.42	-0.02	-0.37	-0.38
Materials	3.44	-44.85	5.20	-24.70	0.15	-0.84	-0.68
Consumer Discretionary	13.48	-29.99	11.49	-24.41	0.02	-0.80	-0.78
Energy	5.91	-44.70	5.19	-32.03	0.02	-0.91	-0.90
Industrials	27.09	-30.55	14.96	-25.60	-0.49	-1.65	-2.14
Financials	26.61	-27.05	35.39	-18.07	-0.24	-2.67	-2.91
					0.10	-4.62	-4.52

Top Ten Industries - Total Portfolio

	End Wgt
Insurance	12.5 %
Electric Utilities	9.0
Aerospace & Defense	8.9
Machinery	6.4
Media	5.4
Professional Services	5.4
Commercial Banks	5.3
Real Estate Mgmt & Dev	5.1
Oil Gas & Consumable Fuels	4.4
Road & Rail	3.9

Data source: FactSet daily buy-and-hold, gross of fees. Returns calculated using this buy-and-hold methodology could differ from actual portfolio returns when there is a significant difference between the trade price and the closing price of any given security (e.g., IPOs, corporate transactions or closing price conventions). Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. HWCM and Russell sectors are based on the Global Industry Classification Standard by MSCI and Standard and Poor's.

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Small Cap Value
Investment Review

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Quarter Ended
September 30, 2011

HOTCHKIS AND WILEY CAPITAL MANAGEMENT
725 South Figueroa Street, 39th Floor • Los Angeles, California 90017-5439 • Tel 213.430.1000 • Fax 213.430.1001
Investment Advisor

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

September 30, 2011

Assets

Total Market Value:	$8,793,599
Total Equity Value:	$8,601,872
Total Cash Value:	$184,469
Total Accrued Value:	$7,258
% Cash of Portfolio:	2.1%

Transactions Summary

Total Purchases:	$1,186,390
Total Sales:	$2,216,275
Total Commissions:	$3,967
Average Transaction Cost/Share:	$0.017

Performance Returns

Commencement of Portfolio
December 1, 2003

	MTD	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
Portfolio - Total Return	-14.51 %	-25.69 %	-21.84 %	-3.63 %	5.82 %	-1.46 %	3.53 %
Portfolio - Equity Only	-14.73	-26.03	-22.24	-3.76	5.17	-2.15	3.23
Russell 2000 Value Index	-10.92	-21.47	-18.51	-5.99	-2.78	-3.08	3.25
Russell 2000 Index	-11.21	-21.87	-17.02	-3.53	-0.37	-1.02	3.44
S&P 500 Index	-7.03	-13.87	-8.68	1.14	1.23	-1.18	2.91

Periods over one year are average annualized returns
Performance shown gross of fees
Past performance is no guarantee of future performance

September 30, 2011

MARKET REVIEW AND OUTLOOK

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Market Commentary

Geopolitical concerns dominated financial headlines and triggered extreme volatility during the third quarter. Macroeconomic uncertainty in the US, Europe, and emerging markets combined with skittish market sentiment translated into double-digit equity market losses. These apprehensions overshadowed individual company fundamentals, which have continued to become increasingly compelling.

In the US, the debt ceiling issue prompted a contentious debate entwined with political gamesmanship, which resulted in a loss of confidence in policymakers' ability to reach effective resolution. Meanwhile in Europe, the European Commission, European Central Bank, and International Monetary Fund (coined the "Troika") have been working with Greece to reach a compromise addressing its deteriorating fiscal situation. Investors appear most concerned about the ramifications of a disorderly Greek default that would result in Greece departing from the euro. This could destabilize existing contractual relationships within the Eurozone and test the euro's long term sustainability. In addition, this could result in a mass exodus of bank deposits from peripheral Europe to healthier economies (e.g. Germany, France). This "run on banks" coupled with a Greek default would likely necessitate bank bailouts throughout Europe. An orderly default in which Greece remains part of the Eurozone, should allow these bailouts to occur in an orderly fashion. The strongest Eurozone countries foot the bill in any of these scenarios.

Equity and fixed income market prices reflect mounting pessimism that an orderly compromise will transpire. The price-to-forward earnings multiple of the S&P 500 Index is lower today than it was at the end of the first quarter in 2009 during the depths of the financial crisis; high yield bond spreads have also ballooned to mid/late 2009 levels. Predicting political outcomes is difficult, but a result that does not involve a disorderly default should provide a tailwind for depressed equity and high yield bond prices. Corporate America has laid a solid foundation from which to build—it has generated robust earnings, strong free cash flows, and put hoards of cash on its balance sheets.

The S&P 500 Index returned -13.9% and the Russell 2000 Value Index returned -21.5% during the third quarter of 2011. Despite having considerably less exposure to Europe, small cap stocks were punished disproportionately during the downswing. Small cap stocks tend to be more sensitive to disruptions in the capital markets and fears of economic slowdowns or recessions. Given the potential for a double dip recession in the US and the fear of a global financial crisis, the more cyclical sectors lead the price declines. Non-cyclical sectors utilities and consumer staples held up better than the overall market, while energy was the largest laggard.

Q3 2011 Attribution

The Hotchkis and Wiley Small Cap Value portfolio underperformed the Russell 2000 Value Index for the quarter. The portfolio is sensitive to the US economic environment as the financials, industrials, and consumer discretionary sectors are the largest sector weights in the portfolio. The portfolio was also underweight REITs, which held up better than the overall market and is one of the largest industry groups in the benchmark. Insurance stocks were also disappointing as unusually high catastrophe losses (storms, floods, tornados, etc) and turbulence in the capital markets impacted current earnings. Positive stock selection in healthcare and technology were the largest performance contributors.

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Performance comparison is based on gross of management fee returns. The portfolio characteristics and attribution in this commentary are based on a representative Small Cap Value portfolio. Certain client portfolio(s) may or may not contain the securities discussed in this commentary due to different restrictions, cash flows and other relevant considerations. The commentary is for information purposes only and is not intended to be, and should not be, relied on for investment advice. The opinions expressed are those of the portfolio managers as of 9/30/11 and may not be accurate reflections of their opinions after that date. There is no guarantee that any forecasts made will come to pass. Accounts may not continue to hold the securities mentioned and HWCM has no obligation to disclose purchases or sales of these securities. Past performance is no guarantee of future results.

Bay County Employees' Retirement System

As of 9/30/11

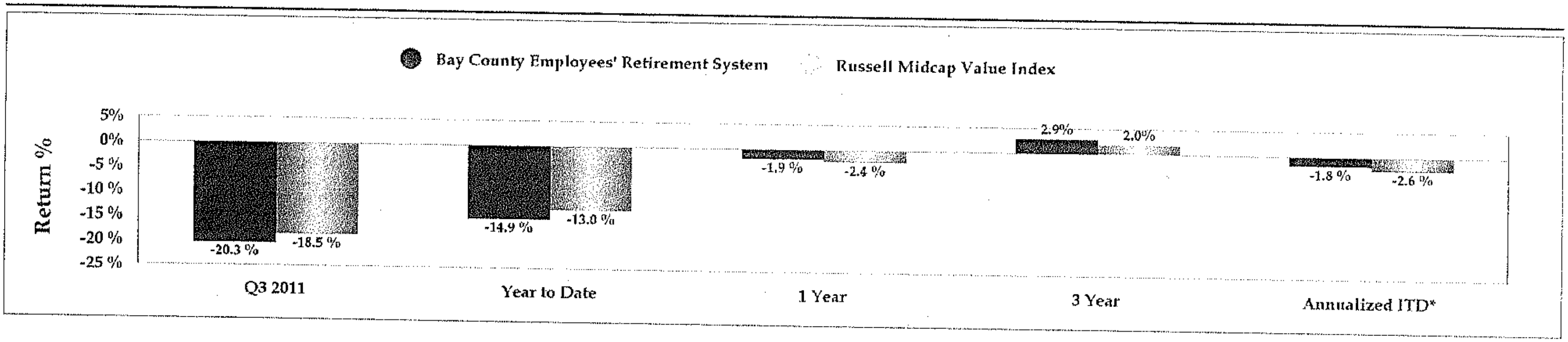
Account Performance

For the quarter ending September 30, 2011, your portfolio returned -20.26% versus the Russell Midcap® Value index, which returned -18.46%.

The Integrity Midcap composite returned -20.45%, underperforming the Russell Midcap® Value Index by 199 bps. Stock selection in Technology, Utilities and Energy were the primary culprits. Sector weights were a modest detractor as an underweight to Utilities, the best performing sector, was a headwind. Stock selection in Health Care and Consumer Staples were the largest contributors. Style attributes such as a higher beta and lower market cap were significant detractors, while higher exposure to Price/Book stocks was a positive.

Performance Review (Annualized)

Gross of Fees



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Portfolio Performance	Q3 2011	Year to Date	1 Year	3 Year	Annualized ITD*
Bay County Employees' Retirement System	-20.26%	-14.85%	-1.88%	2.94%	-1.77%
Russell Midcap Value Index	-18.46%	-13.01%	-2.36%	1.98%	-2.61%
Relative Performance	-1.80%	-1.84%	0.48%	0.96%	0.84%

* *Since Inception 1/3/07*

Plus Ca change, Plus c'est la mem chose.

The more things change the more they stay the same. As we wrote last quarter, many of the same macro issues that have confronted investors over the last few years have come to the forefront. While a lot of things have changed over the last three months, for the most part market psychology has remained the same. The two main concerns gripping the market right now, in our opinion, are Europe and the U.S. economy.

Last quarter we were optimistic. Some of that optimism has faded. Economic growth has been weak, hampered by a general lack of confidence on the part of the consumer and business. However, we believe the economy has become the sideshow to Europe and its potential financial crisis which is the main event.

We don't see a whole lot of difference between current forecasted growth in the U.S. and recession. Moreover, at current levels, we feel the market already is discounting a significant slowing of activity. We've become neutral on whether the U.S. enters recession or not. Frankly, we don't think it matters much from here. In addition, if we do have a recession, we don't believe it will be deep. It is hard for us to see how much worse things can get economically from here. The economy has not really recovered, and there are no excesses to unwind.

However, the European crisis is a different story. A cascade of European sovereign defaults could cause a Lehman-like failure and crisis across the developed world. That said, we believe this outcome is unlikely. Having learned from our crisis, the Europeans know how to prevent one from developing. The challenge for investors is political will and timing. We have two concerns. First, we wonder how bad it will have to get before European politicians act decisively. The longer they wait, the more downside risk there is to the market. Second, timing is difficult. Unlike other structural/cyclical issues which have roiled the markets in the past, the resolution to this crisis will be one of human decisions. This makes it impossible to time as there are no reliable indicators to foretell when politicians will act.

With this in mind, we have taken some risk out of the portfolio. Since timing is difficult, we will let valuation be our guide, developing a stable of companies we would like to own and the prices at which we think the risk/reward is tilted strongly in our favor. We will execute those ideas as the opportunity arises. As of now, valuations have gotten cheaper but haven't hit many of our targets. We continue to actively monitor the situation.

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Portfolio Summary

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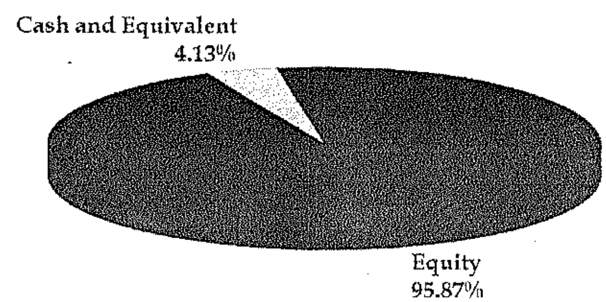
Current Asset Allocation



Asset Class		Market Value	Percent of Assets
Equity	$	14,617,631.57	95.87%
Cash and Equivalent	$	630,261.23	4.13%
TOTAL	$	15,247,892.80	100.00%

Portfolio Summary

Bay County Employees Ret System
4407N1

Date Run: 10/14/2011
Period Covered: 08/31/2011 to 09/30/2011

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Portfolio Composition as of 09/30/2011

	Total Market Value	% of Total
Bonds	25,152,507	94.68%
Cash and Equivalents	1,080,535	4.07%
Accrued Income	331,721	1.25%
Total	26,564,763	100.00%

Statement of Changes

Total Market Value at 08/31/2011	26,710,904
Net Additions/Withdrawals	0
Income Earned	109,810
Portfolio Appreciation/Depreciation	-255,952
Total Market Value at 09/30/2011	26,564,763

Performance Returns (Supervised Assets)

	1Mth	3Mths	YTD	1 YR	3 YRS*	5 YRS*
Total	-0.55	2.01	5.98	4.66	14.45	7.11
Barclays Credit ^	0.25	3.03	6.54	4.56	11.74	6.72

* - Returns are annualized

^Barclays Credit from 6/30/1999 thru 9/30/2011
Citigroup Broad Inv-Grade (BIG) from 01/31/1997 thru 6/30/1999

MacKayShields
9 West 57th Street, 33rd Floor
New York, NY 10019

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October 2011

For your use and review, enclosed please find your portfolio's Third Quarter 2011 Investment Summary report. Should you have any questions or comments about this report, your portfolio or the markets in general, do not hesitate to let us know.

Recently, we forwarded an electronic client survey for your completion. It would be a great help if you could find a few minutes to respond to the survey. While the results are provided to us anonymously, whatever we can learn about the way we service and support our clients is very important.

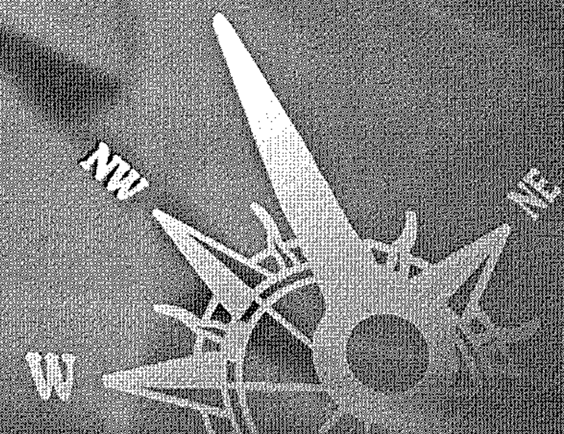
MacKay Shields values our relationship with you and your organization. Please feel free to call upon us if there is any other way in which we might be of assistance.

Sincerely,

Virginia

Virginia Rose

MacKayShields



BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Quarterly Report
September 30, 2011

THIRD QUARTER 2011 — OVERVIEW OF QUARTERLY PERFORMANCE

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Market Overview

The US convertible market, as measured by the BofA Merrill Lynch All Convertible Index, was down 12.94% in the third quarter, while underlying equities were down 24.51%. Year-to-date, the convertible bond market is down 9.08%.

Equity markets declined sharply in the third quarter as concerns increased that the U.S. economy is failing to expand at a fast enough pace to create jobs for an expanding labor force. The causes of this stagnation are many. Primary among them is consumer reluctance to spend money, as the primary asset for most of them -- their home -- continues to decline in value. In addition, consumers and business executives lost what little confidence they had in political leaders, who allowed the U.S. government to come within days of defaulting on its mounting debt obligations. This growth of public debt as a percentage of GDP also serves to remind Americans of the long-term structural problems our country faces in order to avoid the fate of countries such as Greece and Portugal and possibly Italy and Spain as well. The debt crises of these European countries is the second major force behind the global market decline. While these periphery countries do not have enormous economies themselves, there is the fear that any bailout of these countries will result in harm to some of the larger economies of northern Europe, particularly Germany and France. In addition, there is concern that a default by one of the periphery countries will create enormous stress for many European banks which hold large amounts of debt issued by the governments of Portugal, Italy, Greece, and Spain. The last major investor concern we will cite, although there are others, involves a slowing of economic growth in China. August manufacturing data from China showed that the country is experiencing a slowdown in its growth rate and investors are concerned that any slowdown, combined with a bursting of what many believe is a bubble in Chinese real estate prices, will significantly harm one of the world's largest and fastest-growing economies.

Investment-grade convertible bonds outperformed speculative-grade convertible bonds during the quarter. According to the BofA Merrill Lynch All Convertible Index, investment-grade convertibles dropped 8.91%, while speculative-grade convertibles decreased by 14.95%. Year-to-date, investment-grade convertible bonds are down 5.53%, while speculative-grade convertible bonds are down 10.99%.

Utilities, up 0.07%, was the best performing sector in the third quarter and the only sector that rose during the month. The second best performing sector was Consumer Staples, down 7.0%. The worst performing sector was Transportation, which was down 21.53%. Year-to-date, Utilities (+8.13%) is the best performing sector while Transportation (-23.72%) is the worst.

There were twelve new convertible bond issues in the third quarter. Eleven of these new issues occurred in July and one convertible bond was issued in September. The amount of new issues for the third quarter totals $3.16 billion. The average amount raised from each convertible bond offering was $263.6 million. Year-to-date, total proceeds from new issues of convertible bonds is at $20.75 billion.

Performance

The majority of the holdings in both the portfolio and the index declined during the third quarter; however, the bonds of several companies, including Newmont Mining, Gilead Sciences and Costco, bucked the trend. Newmont Mining was one of the leading contributors in the portfolio in the third quarter. Newmont benefited from gold's escalating value over the course of the period, particularly due to the company's high operating leverage, resource growth potential, a strong project pipeline, and rising yield. Additionally, Newmont continues to benefit from the development of two major projects in Peru and Australia, which will contribute to Newmont's long-term objective to increase gold output by approximately 35% by 2017. Pharmaceutical company, Gilead, was a leading contributor in the third quarter. During the quarter, Gilead and partner Johnson & Johnson announced FDA approval for a triple combination pill for HIV – Complera. Complera should be an important lever for Gilead's continuous dominance in HIV given its improved tolerability and resistance profile. Lastly, big-box retailer, Costco, was a leading contributor this past quarter. Despite Hurricane Irene, same store sales for September are expected to remain strong as customers continue to seek out low-cost providers such as Costco. Costco should also benefit from a planned increase in membership fees. Notably, Costco announced that Craig Jelinek, current President and Chief Operating Officer, has been elected to succeed Jim Sinegal as President and Chief Executive Officer, effective January 2012. Craig Jelinek had been in-line for this role for some time.

On the other hand, leading detractors included specialty metals producer, Allegheny Technologies, data storage company, EMC Corporation and multi-industry company, Danaher. The convertible bonds of Allegheny Technologies likely fell in sympathy with other companies whose businesses are closely tied to economic activity. In addition, Allegheny was negatively impacted by the falling price of nickel. Still, Allegheny's products, particularly titanium and nickel alloy, face growing industrial, oil/gas, and jet engine demand into 2011 and beyond. As with Allegheny Technologies, Danaher likely fell due to its economically sensitive array of businesses. In addition, earlier in the quarter, the FDA issued a warning letter to Danaher's newly acquired Beckman Coulter Division noting quality issues found during an inspection of Beckman Coulters' Brea, California facility. Last, in the third quarter, EMC's convertible bonds were leading detractors despite there being little negative news related to the company. As with other technology companies, EMC's convertible bonds most likely traded lower on macroeconomic fears and the anticipation that companies will begin to scale back their IT budgets. Still, our long term thesis surrounding EMC Corporation remains intact, as the company maintains its leadership position in enabling hybrid (public/private) cloud computing through infrastructure and application transformation. They also continue to display strength in their storage, VMware, and security capacities.

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OUTLOOK

In our opinion, stock and convertible bond prices appear to have been sold down to levels that seem to defy common sense. The average stock in the S&P 500 Index sells for just over ten times next year's already lowered earnings estimates. Skeptics might argue that 2012 earnings estimates need to be lowered further. Even if that is correct, barring a dramatic collapse in corporate earnings, stocks would still be inexpensive assuming earnings estimates next year are still 10-15% too high. Our sense is that as long as the experience of 2008 remains relatively fresh in people's minds, investors are overly reactionary to possible downside scenarios for the economy. An economic slowdown may result in some contraction of GDP but this is unlikely to justify current share prices. In addition, fears of a repeat of 2008 seem exaggerated, as it is hard to see how the $7 trillion of wealth destruction during that period, when housing prices fell 30%, can be repeated. Investor fears have led to liquidations amid a shortage of buyers. It is important to remember that markets sometimes predict crises that never materialize.

Given the relatively attractive valuation of stocks and the slow but present economic recovery, we think that convertible bonds and stocks are likely to be higher in twelve to eighteen months than where they stood on September 30th. We believe that convertible bonds remain an excellent vehicle through which to participate in further equity advances. Convertible bonds should participate in the majority of the stock market's advances but less than half of any decline in the event that our outlook for equities is wrong. In 2010, convertible bonds exceeded the advance in equities. While the convertible market may not be able to continue to capture more than 100 percent of the upside of the stock market's advances, we believe that convertibles will continue to offer a compelling risk/reward profile.

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BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Portfolio Composition and Performance — Account 1256
September 30, 2011

Composition	Market Value	Percent of Total
Fixed Income	14,872,605	78.51
Equity	2,160,077	11.40
Cash & Equivalents	1,911,205	10.09
Total Portfolio	**$18,943,886**	**100.00%**

Performance	Latest Month	Latest 3 Months	Year To Date	Latest 12 Months	3 Years Annualized	5 Years Annualized	Since 10/1/2003	Annualized Since 10/1/2003
Total Fund (Gross of fees)	-3.30%	-8.12%	-4.96%	1.23%	4.91%	3.02%	44.98%	4.75%
Merrill Lynch Convertible Inv Grade	-2.82%	-8.08%	-5.22%	-1.02%	6.79%	4.45%	42.22%	4.50%
ML Convt Inv Grade BDS (Inc Mandatory)	-3.24%	-8.91%	-5.53%	-1.67%	5.41%	-0.76%	16.10%	1.88%

Expressed in USD

Past performance is not indicative of future results.

MacKayShields

BAY COUNTY EMPLOYEES RETIREMENT SYSTEM

Summary Report — Account 1256
September 30, 2011

	Total Cost	Percent at Cost	Yield at Cost	Market Value	Percent of Assets	Yield at Market	Annual Income
Bonds	14,330,695	86.67	1.63	14,804,237	78.15	1.57	232,942
Stocks	2,203,163	13.33	5.14	2,152,439	11.36	5.26	113,239
Cash & Equivalents	0	0.00		1,911,205	10.09	0.09	1,720
Accrued Income				76,006	0.40		
Total Portfolio	**$16,533,858**	**100.00%**	**2.09**	**$18,943,886**	**100.00%**	**1.84**	**$347,901**

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Schroders

Bay County Employees' Retirement System

Investment Report – Schroder International Small Companies Fund

Account Manager
Matthew Dobbs
Tel: 44 20 7658 6973
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Client Service Contact
Chris Cook
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e-mail: michelle.seiden@us.schroders.com

Schroder Investment Management North America Inc.
875 Third Avenue
New York, NY 10022-6225

Tel: 1 212 641 3881
Fax: 1 212 641 3985

Schroders

Bay County Employees' Retirement System

Overview

Fund Valuation

Value at 30 June 2011	Net Cash Flow	Value at 30 September 2011
US$ 10,372,461	-	US$ 8,104,639

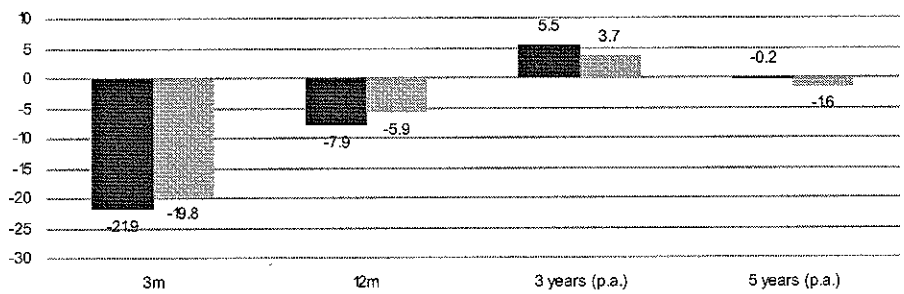
Performance

Periods to 30 September 2011

Total returns (US$)	3 months %	12 months %	3 years % p.a.	5 years % p.a.	Since Inception** % p.a.
Fund	**-21.9**	**-7.9**	**+5.5**	**-0.2**	**+0.5**
Index*	-19.4	-4.4	+5.2	-0.1	+0.7
S&P EPAC SmallCap	-19.8	-5.9	+3.7	-1.6	-0.8
Value added rel Index*	**-2.5**	**-3.5**	**+0.3**	**-0.1**	**-0.2**
Difference	**-2.1**	**-2.0**	**+1.8**	**+1.4**	**+1.3**

Source: Schroders. Gross of fees. * S&P EPAC SmallCap Index plus 150 basis points ** Inception June 30, 2006
All subsequent performance comments and numbers are relative to S&P EPAC SmallCap Index

Performance versus benchmark (%)



Summary

It has been a tough quarter for US investors in international equity markets. The only semblance of a safe haven has been domestic stocks in Japan aided by yen strength while all other major currencies weakened along with stockmarkets. Slowing global growth, pessimism over policy options and the more specific concerns surrounding the euro have been the major factors. Continental European markets have been in the eye of the storm, while in a risk averse environment, smaller Asian and Emerging markets have fallen almost as far. Unsurprisingly, smallcap stocks were hit harder in all markets except Japan where the greater domestic exposure provided support.

The Fund underperformed the benchmark over the quarter, with negative impacts from both stock selection and country weightings. Key negatives were stock selection and underweighting in Japan, and adverse selection and overweighting in Pacific ex Japan.

Over 12 months the key detractors have been our positioning in Asian markets. The biggest single factor was our underweighting in Japan along with a slight shortfall in stock selection. Our overweighting in other Asian markets also detracted along with stock selection in Hong Kong, particularly amongst China orientated consumer stocks. These headwinds were partly offset by strong stock selection in the United Kingdom.

It is difficult to paint an optimistic picture of the global economy at this juncture. The risks are clear that the scenario of "muddle through" for the developed world may be rather too optimistic given the levels of leverage still apparent throughout the system, the continued anxiety of both banks and households to prune debt, and the inability of governments to provide convincing policy prescriptions. Having said all that, equities are offering value on any scenario other than a re-run of the 2008 credit crisis. That may be a big proviso, but given the other options available to investors (low yields on cash and little better on credit worthy government bonds), as well as low valuations on any normalized basis, we take an optimistic view. We believe that smallcap can fully participate, particularly after the recent relative correction. We remain overweight in Pacific ex Japan (and look to add following recent weakness) and are underweight Japan, United Kingdom, and peripheral Europe.

Schroders

Bay County Employees' Retirement System

Market Summary

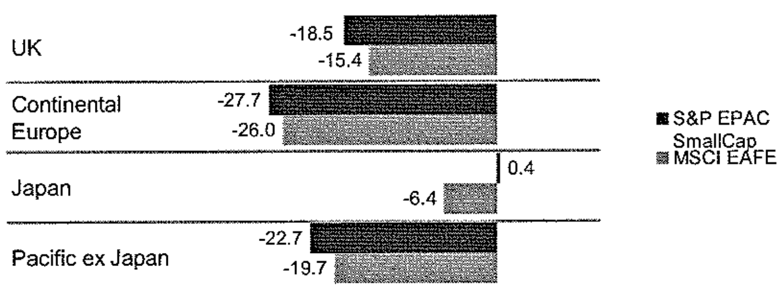
It has been a volatile quarter for global financial markets. The generally un-encouraging headlines out of Europe have dominated the newswires, but while Europe in itself is important (20% of global activity), the mood has been amplified by the more general picture of a faltering global economy. Leading indicators in all major countries, whether developed or emerging, have deteriorated and policy flexibility and impact has been judged wanting, including "Operation Twist" and a further £75bn of quantitative easing in the United Kingdom.

There have been few places to hide in international equities, particularly for US based investors given the sharp recovery in the dollar. Japan alone has shown some semblance of stability, while equities in the rest of Asia have fallen almost as far as markets in continental Europe.

The fact that smallcaps underperformed in such circumstances is as one might have expected. On the face of it, it is perhaps more surprising that the degree of underperformance was not greater. However, the factor limiting the shortfall was primarily the resilient performance of smallcap in Japan. With their greater domestic focus, they were seen as less adversely impacted by the strengthening yen and therefore sharply outperformed their larger, and more global, peers.

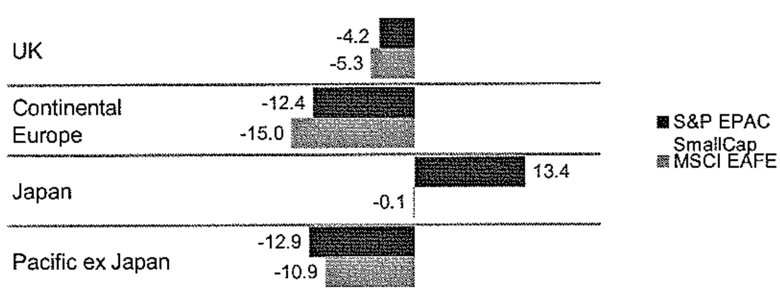
In absolute terms, returns were weakest in continental Europe, with little discrimination between markets; the big core markets of Germany and France underperformed the average, while Spain was a notable outperformer – though still down over a fifth. In Pacific ex Japan, Australia (weak currency and commodity prices) and Hong Kong (growing nervousness on China) were notably weak.

S&P & MSCI returns by major region US$ 3 months to 30 September 2011



Source: S&P, MSCI

S&P & MSCI returns by major region US$ 12 months to 30 September 2011



Source: S&P, MSCI

Bay County Employees' Retirement System

Performance

Performance attribution – Periods to 30 September 2011

Total returns	3 months %	12 months %	3 years % p.a.	5 years % p.a.
Stock selection	-0.7	+0.8	+3.3	+1.5
Country weightings	-0.7	-2.2	-0.5	+0.1
Currency hedging	0.0	0.0	0.0	0.0
Residual	-0.7	-0.6	-1.0	-0.2
Total value added	**-2.1**	**-2.0**	**+1.8**	**+1.4**

Source: Schroders

The Fund underperformed the benchmark over the quarter, with negative impacts from both stock selection and country weightings. Key negatives were stock selection and underweighting in Japan, and adverse selection and overweighting in Pacific ex Japan.

The biggest single factor has been our positioning in Japan. We were underweight, and particularly so in the domestically oriented stocks such as financials and consumer staples. We do not find many attractive opportunities in this universe, but such stocks have proved resilient given the global uncertainty and strength in the yen. Our weighting towards cyclical growth stocks in materials (**Osaka Titanium, Lintec**) and autos (**Koito, Musashi Seimitsu**) also detracted.

Selection also lagged in the rest of Asia, with shortfalls among industrials (**STX OSV, Transfield**), health care (**Starpharma, Concord Medical**) and financials (**Yanlord, Dah Sing**). Materials were a bright spot, (**Amcor, Aston, Fletcher Building**). Our overweighting of Hong Kong has continued to detract from value as concerns over China continued to impact sentiment.

Selection shortfalls in the United Kingdom were primarily in the energy (**Exillon Energy**), industrial (**SIG, Regus, Keller**) and material (**Aquarius Platinum, Elementis**) sectors.

Fund returns in continental Europe were broadly in line with the index, with strong selection in industrials (**DCC, Imtech**) and information technology (**Wirecard, Xing**) offset by energy (**Bourbon, Dockwise**), financials (**Delta Lloyd, Helvetia**) and consumer staples (**Morpol**).

Over 12 months the key detractors have been our positioning in Asian markets. The biggest single factor was our underweighting in Japan along with a slight shortfall in stock selection. Our overweighting in other Asian markets also detracted along with stock selection in Hong Kong, particularly amongst China orientated consumer stocks. These headwinds were partly offset by strong stock selection in the United Kingdom.

Stock and Country Selection Impact – 3 months to 30 September 2011

	Stock selection %	Country allocation %	Total* %
UK	-0.3	-0.1	-0.4
Japan	-0.2	-0.7	-0.9
Continental Europe	+0.2	0.0	+0.2
Pacific ex Japan	-0.4	-0.2	-0.6
Cash	-	+0.3	+0.3

* Contribution to performance relative to S&P EPAC SmallCap

Source: Schroders

Bay County Employees' Retirement System

Fund Activity

Country Changes – 3 months to 30 September 2011

Continental Europe	Although we did reduce Europe (ex UK) during the period in favor of Asia, annual rebalancing in the index meant our underweight was reduced at quarter end but there was little change to the policy of focusing on the core at the expense of the periphery. The continued deflationary pressures, weakening asset price and high unemployment, represents a difficult environment for more domestically oriented smaller companies. The bulk of our exposure remains in industrials and information technology, along with consumer cyclicals primarily in core Europe and Scandinavia where operating conditions remain more favorable. The major areas of underweighting are financials and materials.
UK	On a rather smaller scale, the United Kingdom is also an economy of contrasts between sectors (capital spending and export sensitive companies performing well as opposed to domestic demand sensitive) and geographically (South versus North). Overall, the economy has stalled. However, the private sector has created significant employment over the last twelve months while sentiment in the public sector is reaching a nadir. With renewed quantitative easing announced, sterling looks vulnerable once more. We remain underweight, with the bulk of exposure in industrials and information technology.
Japan	The Japanese economy has been recovering somewhat faster than expected from the shocks of mid-March. However, with global growth weakening and the Yen remaining formidably strong at the margin we have reduced our exposure to Japan as domestic names in general are still unattractive having outperformed.
Pacific ex Japan	We have increased our overweight in Asia ex Japan adding selectively to the consumer sector as well as industrials. The markets have sold off almost as aggressively as in Europe despite, in our view, better underlying fundamentals. Weakening external growth should see relief on inflation and allow some recovery in domestic sentiment, possibly correcting the recent underperformance by smaller companies. While the longer-term attractions of the region lie in the growth of domestic consumption, we also see attractive value in selective export orientated stocks.

Country Weightings versus Benchmark Index* at 30 September 2011

Fund (%)	Index (%)			3 month change in active weight (%)
22.1	18.0	Pacific ex. Japan	4.1	+0.1
38.9	39.0	Continental Europe	-0.1	+1.4
16.8	19.5	UK	-2.7	-0.8
19.1	23.5	Japan	-4.4	-0.8
3.1	0.0	Cash	3.1	+0.1

* S&P EPAC SmallCap Index

Danean Wright - Bay County - Loomis Sayles Portfolio

From: Todd Needham <TNeedham@loomissayles.com>
To: <wrightd@baycounty.net>
Date: 10/10/2011 9:23 AM
Subject: Bay County - Loomis Sayles Portfolio
CC: <rpotter@beckerburke.com>

Good Morning Danean,

Hopefully you have today off and are enjoying the long weekend.

I am writing with a request. I was recently speaking with the portfolio manager for the Bay County Employees' Retirement System Investment Grade Corporate Portfolio, Kurt Wagner, and he asked about the possibility of changing the portfolio benchmark from the Barclay's Credit Index to the Barclay's Corporate Bond Index. We would like to make the change because we feel the Barclay's Corporate Bond Index more accurately reflects the mandate that we manage on behalf of the Retirement System. The Barclay's Credit index includes 20% of non-corporate bond holding - sovereign bonds, taxable municipal bonds, foreign agency bonds and supranationals (e.g. the International Monetary Fund). The components of the Barclay's Credit Index have changed significantly since the account began in 1997.

Not only does the Barclay's Corporate Index more accurately reflect the type of portfolio we mange on behalf of the Retirement System, but over time, it should be a more difficult benchmark for us to beat.

What do you think is the best way to make this change in the portfolio and how would the approval process work with the Trustees? Please let me know what I can do to help explain further and facilitate the change in the portfolio's benchmark index.

Please let me know if you have any questions.

Thanks.

Regards,

Todd

Todd A. Needham, CFA
Vice President, Client Portfolio Manager
Loomis, Sayles & Company
One Financial Center
Boston, MA 02111
(617) 960-2092
tneedham@loomissayles.com

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Danean Wright - RE: Bay County - Loomis Sayles Portfolio

From: Rick Potter <rpotter@beckerburke.com>
To: Danean Wright <wrightd@baycounty.net>
Date: 10/14/2011 2:18 PM
Subject: RE: Bay County - Loomis Sayles Portfolio
CC: Jeff Black <jblack@beckerburke.com>

Danaen-

The returns of the two indices are fairly close. His point about the proposed index being a better match has some merit. I am Ok making this change.

Rick

From: Danean Wright [mailto:wrightd@baycounty.net]
Sent: Friday, October 14, 2011 10:51 AM
To: Rick Potter
Cc: Jeff Black
Subject: Fwd: Bay County - Loomis Sayles Portfolio

Hi Rick,

I was talking to you other day regarding this e-mail. What are your thoughts on this?

Thanks

Danean

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BNY ConvergEx Group
Execution Solutions

Recapture Services

Bay County Employees Retirement System

Ref#: 23803

Plan Trading Summary (US Dollars)

January 01, 2011 - September 30, 2011

Manager		Current Month Commissions	Current Month Credits	Year-To-Date Commissions	Year-To-Date Credits
Revenue Type: Equity					
Batterymarch Financial Management		0.00	0.00	0.00	0.00
Columbia Management Advisors, LLC		0.00	0.00	1,312.50	918.75
Denver Invmt Advisors		0.00	0.00	13,937.80	9,756.46
Eagle Asset Management		0.00	0.00	344.05	240.84
Eagle Asset Management	Execution	68.62	0.00	853.10	0.00
Hotchkis & Wiley		0.00	0.00	0.00	0.00
Marvin & Palmer Associates, Inc.		2,354.00	1,647.80	8,870.50	6,209.35
Wentworth, Hauser & Violich, Inc.		984.00	688.80	4,804.00	3,362.80
Totals for Equity		**3,406.62**	**2,336.60**	**30,121.95**	**20,488.20**
Revenue Type: Correspondent Equity					
Integrity Asset Management		0.00	0.00	1,541.41	1,078.99
Integrity Asset Management	Corrsp Broker	0.00	0.00	737.19	0.00
Totals for Correspondent Equity		**0.00**	**0.00**	**2,278.60**	**1,078.99**
Grand Totals		**3,406.62**	**2,336.60**	**32,400.55**	**21,567.18**

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BNY ConvergEx Group
Execution Solutions

66

Recapture Services

Bay County Employees Retirement System

Plan Activity Summary and Balance

January 01, 2011 - September 30, 2011

Ref#: 23803

Summary by Revenue Type

Revenue Type	Month to Date		Year to Date	
	Commissions	Credits	Commissions	Credits
Equity	3,406.62	2,336.60	30,121.95	20,488.20
Correspondent Equity	0.00	0.00	1,541.41	1,078.99
Correspondent Broker Fees	0.00	0.00	737.19	0.00
International Correspondent	0.00	0.00	0.00	0.00
Correspondent Broker Fees	0.00	0.00	0.00	0.00
Fixed Income	0.00	0.00	0.00	0.00
12B-1 fees	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00
No Credit	0.00	0.00	0.00	0.00
TOTAL	**3,406.62**	**2,336.60**	**32,400.55**	**21,567.18**

Account Balance

Month	Commissions	Credits	Adjustments	Payments	Month Ending
Prior Year CR or DB	0.00	0.00			2,899.22
January 2011	3,033.20	1,959.48	0.00	2,899.22	1,959.48
February 2011	6,169.28	3,999.72	0.00	0.00	5,959.20
March 2011	3,333.14	2,327.32	0.00	0.00	8,286.51
April 2011	3,162.09	1,995.53	0.00	8,286.51	1,995.54
May 2011	5,298.22	3,616.06	0.00	0.00	5,611.60
June 2011	3,812.44	2,640.78	0.00	0.00	8,252.37
July 2011	2,363.62	1,609.88	0.00	8,252.37	1,609.89
August 2011	1,821.94	1,081.82	0.00	0.00	2,691.70
September 2011	3,406.62	2,336.60	0.00	0.00	5,028.30
October 2011	0.00	0.00			
November 2011	0.00	0.00			
December 2011	0.00	0.00			
TOTAL	**32,400.55**	**21,567.18**	**0.00**	**19,438.10**	
				Current Balance	**5,028.30**

This statement represents trades through Posted Date September 30, 2011 for all US transactions and upon information provided to us to date from our Global Correspondent Network for all non-US transactions

THE NORTHERN TRUST COMPANY
801 S. CANAL
CHICAGO, IL. 60675
SECURITIES LENDING DIVISION C-1S

010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD

BILLING DATE: 10/06/2011
BILLING PERIOD: 09/01/2011 - 09/30/2011

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: BYC03					
ACCOUNT NAME: BAYCO- BARINGS					
OPEN CASH	0.00	0.00	0.00	65.14	65.14
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	46.34	46.34
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	111.48	111.48
TOTAL REBATES	0.00	0.00	0.00	452.08-	452.08-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	563.56	563.56
BANK FEES	0.00	0.00	0.00	225.39	225.39
NET INCOME	0.00	0.00	0.00	338.17	338.17
ACCOUNT NUM.: 1799220					
ACCOUNT NAME: *TNT-LDN-BYC03-BAYCO-BARING-SL					
OPEN CASH	0.00	0.00	0.00	162.35	162.35
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	162.35	162.35
TOTAL REBATES	0.00	0.00	0.00	11.00	11.00
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	151.35	151.35
BANK FEES	0.00	0.00	0.00	60.46	60.46
NET INCOME	0.00	0.00	0.00	90.89	90.89
ACCOUNT NUM.: 2608694					
ACCOUNT NAME: *BAYCO - COLUMBIA MANAGEMENT					
OPEN CASH	0.00	1,540.91	0.00	0.00	1,540.91
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,540.91	0.00	0.00	1,540.91
TOTAL REBATES	0.00	93.26	0.00	0.00	93.26
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,447.65	0.00	0.00	1,447.65
BANK FEES	0.00	578.63	0.00	0.00	578.63
NET INCOME	0.00	869.02	0.00	0.00	869.02

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THE NORTHERN TRUST COMPANY

010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD PAGE 3

ACCOUNT NUM.: 2618668
ACCOUNT NAME: *BAYCO - BAIRD --SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	1,571.83	0.00	0.00	0.00	1,571.83
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,571.83	0.00	0.00	0.00	1,571.83
TOTAL REBATES	812.48	0.00	0.00	0.00	812.48
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	759.35	0.00	0.00	0.00	759.35
BANK FEES	303.62	0.00	0.00	0.00	303.62
NET INCOME	455.73	0.00	0.00	0.00	455.73

ACCOUNT NUM.: 2620611
ACCOUNT NAME: *BAYCO - MARVIN & PALMER --SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	1,362.98	0.00	137.67	1,500.65
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,362.98	0.00	137.67	1,500.65
TOTAL REBATES	0.00	102.66	0.00	9.69	112.35
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,260.32	0.00	127.98	1,388.30
BANK FEES	0.00	503.80	0.00	51.18	554.98
NET INCOME	0.00	756.52	0.00	76.80	833.32

ACCOUNT NUM.: 2622490
ACCOUNT NAME: *BAYCO - MACKAY SHIELDS -SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	571.70	124.08	40.87	0.00	736.65
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	571.70	124.08	40.87	0.00	736.65
TOTAL REBATES	1,579.53-	220.70-	4.32	0.00	1,795.91-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	2,151.23	344.78	36.55	0.00	2,532.56
BANK FEES	860.29	137.87	14.61	0.00	1,012.77
NET INCOME	1,290.94	206.91	21.94	0.00	1,519.79

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THE NORTHERN TRUST COMPANY

010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM   SUMMARY EARNINGS STATEMENT   CURRENCY: USD

ACCOUNT NUM.: 2622536
ACCOUNT NAME: *BAYCO - HOTCHKIS & WILEY --SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	1,155.41	0.00	124.32	1,279.73
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,155.41	0.00	124.32	1,279.73
TOTAL REBATES	0.00	72.95	0.00	7.89	80.84
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,082.46	0.00	116.43	1,198.89
BANK FEES	0.00	431.18	0.00	46.49	477.67
NET INCOME	0.00	651.28	0.00	69.94	721.22

ACCOUNT NUM.: 2624493
ACCOUNT NAME: *BAYCO - WENTWORTH --SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	1,442.14	0.00	0.18	1,442.32
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	70.25	70.25
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,442.14	0.00	70.43	1,512.57
TOTAL REBATES	0.00	103.88	0.00	0.00	103.88
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,338.26	0.00	70.43	1,408.69
BANK FEES	0.00	535.01	0.00	28.16	563.17
NET INCOME	0.00	803.25	0.00	42.27	845.52

ACCOUNT NUM.: 2629086
ACCOUNT NAME: ZZ*BAYCO - BATTERYMARCH -SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	0.00	0.00	0.00	0.00
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	0.00	0.00	0.00	0.00
TOTAL REBATES	0.00	0.00	0.00	0.00	0.00
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	0.00	0.00	0.00	0.00
BANK FEES	0.00	0.00	0.00	0.00	0.00
NET INCOME	0.00	0.00	0.00	0.00	0.00

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THE NORTHERN TRUST COMPANY

010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
ACCOUNT NUM.: 2639956					
ACCOUNT NAME: *BAYCO - DENVER INV ADV -SL					
OPEN CASH	0.00	1,463.18	0.00	198.94	1,662.12
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,463.18	0.00	198.94	1,662.12
TOTAL REBATES	0.00	1,932.30-	0.00	4.43-	1,936.73-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	3,395.48	0.00	203.37	3,598.85
BANK FEES	0.00	1,357.15	0.00	81.23	1,438.38
NET INCOME	0.00	2,038.33	0.00	122.14	2,160.47
ACCOUNT NUM.: 2641401					
ACCOUNT NAME: *BAYCO - LOOMIS SAYLES -SL					
OPEN CASH	1,242.83	0.00	171.64	0.00	1,414.47
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	1,242.83	0.00	171.64	0.00	1,414.47
TOTAL REBATES	65.16	0.00	10.29	0.00	75.45
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	1,177.67	0.00	161.35	0.00	1,339.02
BANK FEES	470.35	0.00	64.43	0.00	534.78
NET INCOME	707.32	0.00	96.92	0.00	804.24
ACCOUNT NUM.: 2653308					
ACCOUNT NAME: *BAYCO - INTEGRITY -SL					
OPEN CASH	0.00	1,460.02	0.00	69.71	1,529.73
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.00	0.00
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,460.02	0.00	69.71	1,529.73
TOTAL REBATES	0.00	73.16	0.00	5.02	78.18
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,386.86	0.00	64.69	1,451.55
BANK FEES	0.00	553.55	0.00	25.81	579.36
NET INCOME	0.00	833.31	0.00	38.88	872.19

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010000237 BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM SUMMARY EARNINGS STATEMENT CURRENCY: USD PAGE 5

THE NORTHERN TRUST COMPANY

ACCOUNT NUM.: 2663296
ACCOUNT NAME: *BAYCO - CORNERSTONE REALES-SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	1,153.56	0.00	0.00	1,153.56
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	3.06	0.00	0.00	3.06
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,156.62	0.00	0.00	1,156.62
TOTAL REBATES	0.00	6.27-	0.00	0.00	6.27-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	1,162.89	0.00	0.00	1,162.89
BANK FEES	0.00	463.29	0.00	0.00	463.29
NET INCOME	0.00	699.60	0.00	0.00	699.60

ACCOUNT NUM.: 2695063
ACCOUNT NAME: *BAYCO - EAGLE ASSET -SL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	0.00	1,189.68	0.00	49.74	1,239.42
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	0.00	0.00	0.15	0.15
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	0.00	1,189.68	0.00	49.89	1,239.57
TOTAL REBATES	0.00	1,464.71-	0.00	208.23-	1,672.94-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	0.00	2,654.39	0.00	258.12	2,912.51
BANK FEES	0.00	1,059.39	0.00	103.06	1,162.45
NET INCOME	0.00	1,595.00	0.00	155.06	1,750.06

GRAND TOTAL

	US FIXED	US EQUITY	GLOBAL FIXED	GLOBAL EQUITY	TOTAL
OPEN CASH	3,386.36	10,891.96	212.51	808.05	15,298.88
TERM CASH	0.00	0.00	0.00	0.00	0.00
NON CASH	0.00	3.06	0.00	116.74	119.80
DEAL STOCKS	0.00	0.00	0.00	0.00	0.00
GROSS EARNINGS	3,386.36	10,895.02	212.51	924.79	15,418.68
TOTAL REBATES	701.89-	3,178.07-	14.61	631.14-	4,496.49-
COMMISSIONS	0.00	0.00	0.00	0.00	0.00
CLIENT EARNINGS	4,088.25	14,073.09	197.90	1,555.93	19,915.17
BANK FEES	1,634.26	5,619.87	79.04	621.78	7,954.95
NET INCOME	2,453.99	8,453.22	118.86	934.15	11,960.22

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10/31/2011

REFUNDS: FOR THE MONTH ENDIND OCTOBER 31, 2011

EMPLOYEE/BENEFICIAR	CONTRIBUTIONS REFUNDED	PROCESSED ON	DEPARTMENT TERMINATED	TERMINATION DATE
Tucker, Toriano	2,797.07	10/19/11	BABH	08/31/11
TOTAL REFUNDS:	2,797.07			

RETIREE	CONTRIBUTIONS TRANSFERRED	DEPARTMENT	EFFECTIVE DATE
Reimann, Rebecca	66,879.19	D.O.A.	09/19/11
Gansser, Susan	89,476.26	Finance	09/17/11

DECEASED EMPLOYEE/ RETIREE	BENEFICIARY	REFUND/ PENSION	DATE/DEPARTMENT
Stark, Helen	N/A	Pension	10/02/11 Road Comm

NO REFUNDS EMPLOYEE NAME	ACCUMULATED CONTRIBUTIONS	UNION GROUP	DATE TERMINATED
Brissette, Rebecca	1,983.19	BMCF	08/12/11
Greania, Heather	2,644.86	BMCF	08/31/11
Killey, Katarina	315.02	BMCF	09/01/11
Mellon, Cristie	1,090.30	BMCF	08/14/11
Rase, Barbara	2,359.42	BMCF	09/02/11
Rooker, Megan	2,817.58	BMCF	08/12/11
Sommerfield, Kathy	4,677.10	BMCF	09/02/11
Vandervort, Veronica	1,994.28	BMCF	08/19/11
TOTAL NO REFUNDS	17,881.75		

Danean Wright - Thank you from Matt Bevin

From: Matthew Bevin <mbevin@integrityasset.com>
Date: 10/21/2011 3:48 PM
Subject: Thank you from Matt Bevin

Dear Friends;

Since the establishment of Integrity Asset Management in 2003, I have enjoyed and appreciated the opportunity to work with you and so many others as we grew this firm from a simple idea, into a mature investment company. Our original intent was to build a firm that delivered excellence, with integrity, in everything, at all times. We have worked every day since our inception to accomplish that mission and we continue to deliver on that promise today.

As you are aware, Integrity became a wholly owned subsidiary of Munder Capital Management on December 31, 2010. That was an important day in the life of Integrity as we partnered with a larger, high quality investment firm that brought increased administrative, legal, compliance and financial strength to our clients. Most importantly, our partnership with Munder Capital provides the Integrity investment team with continued independence, allowing them to focus exclusively on the task of investing the assets that have been entrusted to their management. Never before have we been as robust in every area that matters most to our clients and the consultants that advise them. I strongly believe that the future for Integrity Asset Management is brighter than ever!

After much consideration, I have decided to step away from the firm. I will miss the day to day interaction with my colleagues and the clients and consultants that we work with. I do so, however, with absolute confidence that my partners, old and new, will be as committed as we have ever been to delivering on the mission noted above.

On a professional front, I am delighted to maintain, by choice, a significant ownership stake in Munder Capital Management. It is an organization that I am convinced has its very best days still to come and it is with great anticipation that I look to the future as a partner in this world class firm.

On a personal front, I am also looking forward to spending some truly irreplaceable time with my family. As many of you know, my wife and I have five children between the ages of six and twelve. We have decided to home school them this year as we travel across the United States. We are blessed to have this window of opportunity and feel strongly that we should leap through it.

In the days ahead, I will be working closely with my colleagues to transition any of my remaining responsibilities that have not yet been assumed by others.

Should you need to reach us on any client related matter in the future, please contact Bill McNett (bmcnett@integrityasset.com) or Wendy Kunze (wkunze@integrityasset.com). Should you need to reach me on any non-business related front, you can do so at mgbevin@bellsouth.net.

I look forward to crossing paths with each of you again at some point down the road.

With gratitude and best regards,

Matt

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BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
BAY CITY, MICHIGAN 48708-5128

October 18, 2011

Ms. Beth Griper
Mackay Shields
9 West 57th Street
New York, NY 10019

Dear Beth:

There is a need for the Bay County Employees' Retirement System to rebalance its asset allocation therefore, I am requesting that Mackay Shields divest themselves of $1,000,000 (one-million dollars) and deposit said cash within the System's Short-Term Investment Fund Reserve account at The Northern Trust Company no later than Wednesday, October 26, 2011.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

VIA E-MAIL -ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Richard Potter, Becker Burke Associates
Bernard Walsh, The Northern Trust Company
Danean Wright, Retirement Adminstrator/Accountant

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
BAY COUNTY BUILDING
515 CENTER AVENUE, SUITE 706
BAY CITY, MICHIGAN 48708-5128

October 18, 2011

Mr. Pat McMenamin
Hotchkis & Wiley
725 S. Figueroa St. - 39th Floor
Los Angeles, CA 90017

Dear Pat:

There is a need for the Bay County Employees' Retirement System to rebalance its asset allocation therefore, I am requesting that Hotchkis & Wiley divest themselves of $1,000,000 (One-million dollars) and deposit said cash within the System's Short-Term Investment Fund Reserve account at The Northern Trust Company no later than Wednesday, October 26, 2011.

If you have any questions or concerns regarding the above, please contact me at (989) 895-4030.

Sincerely,

Crystal Hebert

Crystal Hebert
Finance Officer/Secretary

VIA E-MAIL -ORIGINAL TO BE SENT SURFACE MAIL

cc: Bay County Employees' Retirement System Board of Trustees
Richard Potter, Becker Burke Associates
Bernard Walsh, The Northern Trust Company
Danean Wright, Retirement Administrator/Accountant

Bay County
Department of Water And Sewer

BOARD OF
ROAD COMMISSIONERS:

RICHARD S. GROMASKI
Chairman

EDWARD L. RIVET
Vice Chairman

MICHAEL G. RIVARD
Commissioner

3933 PATTERSON ROAD, BAY CITY, MICHIGAN 48706-1993
TELEPHONE: (989) 684-3883 • FAX: (989) 684-5510 • TTY: (800) 649-3777
www.baycodws.org
THOMAS W. PAIGE, DIRECTOR

JAMES C. LILLO, P.E.
ENGINEER-MANAGER

2600 E. BEAVER ROAD
KAWKAWLIN, MICHIGAN 48631
(989) 686-4610

October 18, 2011

Ms. Danean Wright, Retirement
Bay County Building
515 Center Avenue, Suite 706
Bay City, MI 48708-5125

RE: Resolution Authorizing Notification adopted October 5, 2011by Bay County Road Commission

Dear Ms. Wright,:

Enclosed is a Resolution Authorizing Notification as adopted by the Bay County Board of County Road Commissioners on October 5, 2011. The Resolution authorizes the Retirement System to disclose to the Director, or the Director's designee, when a retirement date is determined and/or a written application is submitted by an employee of the Department of Water and Sewer to the Bay County Employees' Retirement System.

In the event of my absence, I hereby designate Jim Marter, DWS Accounting Manager, to receive notification from the Bay County Employees' Retirement System as provided in the Resolution of Notification.

Please contact me with any questions or concerns. Thank you for your assistance in this matter.

Respectfully,

Thomas W. Paige

Thomas W. Paige
Director

encl: 1

cc: Jim Marter, DWS Accounting Manager

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Resolution Authorizing Notification

Board of County Road Commissioners
County of Bay, Michigan

The following preamble and resolution were offered by Commissioner Rivet:

WHEREAS, the Board of County Road Commissioners of the County of Bay is the designated county agency pursuant to Public Act 342 of 1939, as amended, for the Bay County Department of Water and Sewer; and,

WHEREAS, The Bay County Department of Water and Sewer (BCDWS) is a member of the Bay County Employees' Retirement System; and,

WHEREAS, the BCDWS finds it beneficial to the ongoing operations of the Department when timely notified that an employee of the BCDWS has determined a retirement date and filed an application of retirement with the Bay County Employees' Retirement System.

NOW, THEREFORE, BE IT RESOLVED, that the Board of County Road Commissioners of the County of Bay, as the designated county agency for the Bay County Department of Water and Sewer, authorizes the administrator/accountant of the Bay County Employees' Retirement System to disclose the retirement date of a BCDWS employee to the Director, or the Director's designee, when a written application of retirement is submitted to the administrator/accountant of the Bay County Employees' Retirement System;

BE IT FURTHER RESOLVED, that the disclosure to the Director, or the Director's designee, be provided as soon as possible by electronic mail or by first class mail after the retirement date is determined and/or a written application is submitted to the Bay County Employees' Retirement System by a BCDWS employee;

BE IT FINALLY RESOLVED, that the Board of County Road Commissioners of the County of Bay and the Bay County Department of Water and Sewer sincerely appreciates the efforts of the Bay County Employees' Retirement System in fulfilling this request.

AYES: Gromaski, Rivard, Rivet

NAYS: ______

RESOLUTION DECLARED ADOPTED.

Date: October 5, 2011

Richard Gromaski, Chairman of the Board

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of County Road Commissioners of the County of Bay, Michigan at a Regular Meeting held on October 5, 2011, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meeting Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Jackie McCarthy

Jackie McCarthy, Secretary of the Board

Agenda Item No. 7D

BAY COUNTY ROAD COMMISSION
AGENDA INFORMATION SHEET

Subject: Resolution to Authorizing Retirement Notification

Date: 11/01/11

Send to Darren

Reason for Board Consideration: Need Board approval for Resolution adoption

Facts and Analysis: Currently there is no provision in any of the labor contracts (with the exception of SAPA) that require an employee to inform the BCRC of their intent to retire and on what date. Over the years a number of employees have, literally, came to work and informed management staff that it was their last day and announced they were retiring. Depending on the position the retiring employee held, this can put the BCRC in a "bind", especially if the position vacated requires a substantial amount of training.

Therefore, in an attempt to prevent this from happening in the future, we are requesting review and eventual adoption of the attached resolution. In summary, the resolution will require the Bay County Employees' Retirement System to inform the BCRC when an employee determines a retirement date and files the appropriate paperwork.

Recommended Action: Receive and review the resolution for adoption at a future meeting.

Submitted By: Jim Lillo, PE

Recommended for Board Approval: Jim Lillo
Engineer-Manager

Date 10/01/2011

Comments:

Resolution Authorizing Notification

Board of County Road Commissioners
County of Bay, Michigan

The following preamble and resolution were offered by Commissioner Gromaski:

WHEREAS, The Bay County Road Commission (BCRC) is a member of the Bay County Employees' Retirement System; and,

WHEREAS, the BCRC finds it beneficial to its ongoing operations when timely notified that an employee of the BCRC has determined a retirement date and filed an application of retirement with the Bay County Employees' Retirement System.

NOW, THEREFORE, BE IT RESOLVED, that the Board of County Road Commissioners of the County of Bay, authorizes the administrator/accountant of the Bay County Employees' Retirement System to disclose the retirement date of a BCRC employee to the Engineer-Manager, or the Engineer-Manager's designee, when a written application of retirement is submitted to the administrator/accountant of the Bay County Employees' Retirement System;

BE IT FURTHER RESOLVED, that the disclosure to the Engineer-Manager, or the Engineer-Manager's designee, be provided as soon as possible by electronic mail or by first class mail after the retirement date is determined and/or a written application is submitted to the Bay County Employees' Retirement System by a BCRC employee;

BE IT FINALLY RESOLVED, that the Board of County Road Commissioners of the County of Bay appreciates the efforts of the Bay County Employees' Retirement System in fulfilling this request.

AYES: Gromaski, Rivet & Rivard

RESOLUTION DECLARED ADOPTED.

Date: November 2, 2011

Richard Gromaski, Chairman of the Board

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of County Road Commissioners of the County of Bay, Michigan at a Regular Meeting held on November 2, 2011, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meeting Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Jackie McCarthy

Jackie McCarthy, Secretary of the Board

Oct. 21, 2011

Board of Trustees,

I, Robert C. Lee, an employee of the Sheriff Department, would like to request to purchase my previous service credit from July 16, 1986 through December 31, 1990 and from April 1, 1991 thru September 4, 1991 for a total of four years and eleven months. I have all of the necessary documents filed with Danean Wright, Retirement Administrator.

Thank you for your consideration in approving this purchase of this previous service time.

Sincerely,

Robert C. Lee

Robert C. Lee

01-Nov-11

Robert Lee

TOTAL AMOUNT OF TIME TO BUYBACK WOULD BE FOUR YEARS AND ELEVEN MONTHS JULY 16, 1986 THRU DECEMBER 31, 1990 AND APRIL 1, 1991 THRU SEPTEMBER 4, 1991.

MR. LEE 'S REFUND JANUARY 31, 1991	$6,224.92
MR. LEE 'S REFUND NOVEMBER 12, 1991	602.78
	$6,827.70
MULTIPLIED BY THE ACTUARY INTEREST FACTOR IN EFFECT UNTIL 7/01/2012	5.6254
AMOUNT OWED ONE YEAR FROM DATE OF APPROVAL OR PRIOR TO RETIREMENT WHICHEVER IS EARLIER	$35,017.66

PURCHASE OF MILITARY SERVICE CREDIT

EMPLOYEE NAME: THOMAS DEWEY

DEPARTMENT	Bay Arenac Behavioral health
JOB TITLE	Client Services Specialist
DATE APPROVED BY PERSONNEL COMMITTEE	October 18, 2011
RESOLUTION NUMBER	3
TIME BEING PURCHASED	One year and seven months
ACTIVE MILITARY SERVICE:	FROM: July 30, 1970 TO: March 2, 1972
CERTIFIED COPY OF FORM DD214 ON FILE?	Yes
DOES APPLICANT HAVE MINIMUM OF 8 YEARS SERVICE CREDIT IN BAY COUNTY EMPLOYEE RETIRE. SYSTEM?	Yes
AFFIDAVIT ON FILE DECLARING INELIGIBILITY TO DRAW MILITARY PENSION?	Yes
GROSS EARNINGS ON DATE OF APPROVAL:	$
ADJUSTMENTS TO GROSS EARNINGS FOR THIS CALCULATION:	$
OVERTIME:	$
ESTIMATED GROSS ANNUAL COMPENSATION	$48,181.80
5% OF GROSS ANNUAL COMPENSATION	$2,409.09
YEARS & MONTHS OF MILITARY SERVICE BEING PURCHASED	One year and seven months (1.59)
AMOUNT DUE RETIREMENT SYSTEM	$3,830.46
PAYMENT MUST BE COMPLETED BY:	October 18, 2012 or prior to retirement, whichever is earlier

Prepared by: Danean Wright, Retirement Administrator/Accountant November 1, 2011

G\Retirement\RetMisc\Military Service Credit - Request to Purchase